
State: District of Columbia **Filing Company:** Virginia Surety Company, Inc.
TOI/Sub-TOI: 33.0 Other Lines of Business/33.0001 Other Personal Lines
Product Name: Group Legal Expense
Project Name/Number: Group Legal Expense - Program Filings/SF_10593

Filing at a Glance

Company: Virginia Surety Company, Inc.
Product Name: Group Legal Expense
State: District of Columbia
TOI: 33.0 Other Lines of Business
Sub-TOI: 33.0001 Other Personal Lines
Filing Type: Rate/Rule
Date Submitted: 12/10/2019
SERFF Tr Num: ASPX-132184731
SERFF Status: Submitted to State
State Tr Num:
State Status:
Co Tr Num: SF_10593_GRLE_DC_VU_10870

Effective Date 01/15/2020
Requested (New):
Effective Date 01/15/2020
Requested (Renewal):
Author(s): Becky Voyles
Reviewer(s):
Disposition Date:
Disposition Status:
Effective Date (New):
Effective Date (Renewal):

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Product Name: Group Legal Expense
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General Information

Project Name: Group Legal Expense - Program Filings Status of Filing in Domicile: Not Filed
 Project Number: SF_10593 Domicile Status Comments:
 Reference Organization: Reference Number:
 Reference Title: Advisory Org. Circular:
 Filing Status Changed: 12/10/2019
 State Status Changed: Deemer Date:
 Created By: Becky Voyles Submitted By: Becky Voyles
 Corresponding Filing Tracking Number:
 SF_10593_GRLE_DC_VU_10869

Filing Description:
 RE:VIRGINIA SURETY COMPANY, INC.
 NAIC# 0019-40827 FEIN# 36-3186541
 Program: Group Legal Expense
 Company Filing Number: SF_10593_GRLE_DC_VU_10869
 SERFF Filing ID: ASPX-132184730

Group Legal Expense Rate and Rule
 GLE-DC (7.19) - Rate and Rule Manual

Related Filing Documents:
 Actuarial Memorandum
 Rate Indication and Supporting Exhibits
 Redline Comparison - Rate and Rule Manual

Dear Examiner:

Enclosed for your review and approval is our Group Legal Expense insurance program rating material. All variable material has been indicated in brackets. This rate filing will replace the previous filing acknowledged on March 6, 2001.

This program provides the Member with telephone legal advice and consultation with plan attorneys on personal matters such as, but not limited to family law, estate planning, housing and real estate matters, automobile related matters, bankruptcy, consumer matters, criminal matters, and governmental matters.

The program also includes legal services such as will preparation, document review and correspondence, plus discounted referrals to a network of attorneys for additional legal needs.

The forms for this program have been submitted under separate cover.

We request an effective date of January 15, 2020 for new business and renewals.

Thank you for your time and attention to this submission. Should you have any questions or concerns, please feel free to contact me at (800)852-2244 X 4011544 or via e-mail at becky.voyles@assurant.com.

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Sincerely,
Becky Voyles
Senior Product Compliance Analyst
State Filings Department

Company and Contact

Filing Contact Information

Becky Voyles, Manager Product Compliance	Becky.Voyles@assurant.com
260 Interstate N. Circle NW	770-763-1544 [Phone] 4011544 [Ext]
Atlanta, GA 33039	770-859-4944 [FAX]

Filing Company Information

Virginia Surety Company, Inc.	CoCode: 40827	State of Domicile: Illinois
175 W. JACKSON BLVD.	Group Code: 19	Company Type: Property & Casualty
11th Floor	Group Name: Assurant Inc. Group	State ID Number:
Chicago, IL 60604-2615	FEIN Number: 36-3186541	
(312) 356-3000 ext. [Phone]		

Filing Fees

Fee Required?	No
Retaliatory?	No
Fee Explanation:	

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Rate Information

Rate data applies to filing.

Filing Method:	File and Use
Rate Change Type:	Decrease
Overall Percentage of Last Rate Revision:	%
Effective Date of Last Rate Revision:	03/06/2001
Filing Method of Last Filing:	
SERFF Tracking Number of Last Filing:	NA

Company Rate Information

Company Name:	Overall % Indicated Change:	Overall % Rate Impact:	Written Premium Change for this Program:	Number of Policy Holders Affected for this Program:	Written Premium for this Program:	Maximum % Change (where req'd):	Minimum % Change (where req'd):
Virginia Surety Company, Inc.	-22.500%	-29.000%	\$-4,302	80	\$14,835	-30.400%	-28.900%

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Rate/Rule Schedule

Item No.	Schedule Item Status	Exhibit Name	Rule # or Page #	Rate Action	Previous State Filing Number	Attachments
1		Rate and Rule Manual	GLE-DC (7.19)	Replacement		v3 Legal Expense Rate and Rule Manual - Proposed.pdf

Virginia Surety Company, Inc.

Group Legal Expense

Rate and Rule Manual

Rule 1 - Premium Calculation

- a. Select the desired benefits from Table 1 (not all benefits listed must be selected).
- b. If adjustments to Base Network Limits is desired, apply the appropriate rating factor from Table 2. If Benefit Multiplier amounts between those shown in the table are desired, develop the appropriate rating factor using linear interpolation.
- c. Sum the total benefit premiums after application of Network Benefit Adjustment Factor from Rule 1.b.
- d. If the policy includes a Waiting Period, determine the appropriate Waiting Period Factor from Table 3 and apply to the premium from Rule 1.c. Waiting periods may not exceed 6 months.
- e. Determine the appropriate Group Size / Participation Rate Factor from Table 4 and apply to the premium from Rule 1.d. Blanket factors may only be applied if Group Policyholder provides coverage to all Group Members at no cost to Group Members.
- f. Apply the appropriate New / Renewal / Takeover Factor from Table 5 to the premium from Rule 1.e.
- g. If the policy includes a Multi-Year Rate Guarantee, apply the appropriate rating factors from Table 6 to the premium from Rule 1.f.
- h. If separate premiums for Individual, Individual + Spouse and/or Family coverage options is desired, select the appropriate rating factor from Table 7 and apply to the premium from Rule 1.h. If a Composite premium is offered, the policy may not offer Individual, Individual + Spouse and/or Family Coverage.
- i. If the Experience Modification Factor is applicable, determine the appropriate factor as described in Table 8 and apply to the premiums from Rule 1.h. The application of the Experience Modification Factor is optional and may only be applied at policy inception or upon policy renewal.
- j. If an Annual Premium is desired, multiply the premium from Rule 1.i. by 12.

Rule 2 - Schedule Rating

- a. Application of Schedule Rating criteria must be documented and made available to Underwriter upon request.
- b. Schedule Rating criteria must be applied consistently across all Groups to which a Schedule Rating criterion is applied.
- c. The applicability of any Schedule Rating criterion shall be determined based on covered Group as a whole. Schedule Rating criterion may not be applied differently to individual members of the covered Group.

Virginia Surety Company, Inc.

Group Legal Expense

Rate and Rule Manual

- d. All credits and debits developed in this section are additive. Add all debits and subtract all credits. Apply the resulting factor to the insurance premium previously determined.
- e. The Underwriter's Discretion may never exceed 25% of the calculated premium.

Table 1 - Benefits

Benefit	Base Network Benefit Amount	Monthly Insurance Premium
<i>Miscellaneous Law Office Services</i>		
Legal Services for any non-excluded legal matter not specifically covered in the Schedule of Benefits	\$350	\$0.14
<i>Consumer Matters</i>		
Bank Fee Dispute	\$350	\$0.05
Cell Phone Contract Dispute		
Contract Review	\$350	\$0.05
Representation	\$350	\$0.05
Consumer Disputes		
Correspondence	\$60	\$0.15
Trial Matters	\$700	\$0.14
Consumer Fraud Litigation	\$1,000	\$0.05
Document Preparation		
Affidavits	\$60	\$0.03
Deeds	\$75	\$0.06
Installment Sales Agreements	\$60	\$0.03
Promissory Notes	\$60	\$0.03
Time Share Agreement	\$60	\$0.08
First-time Vehicle Buyer	\$350	\$0.05
General Power of Attorney	\$60	\$0.53
Healthcare Coverage Dispute and Records		
Office Consultation	\$350	\$0.05
Review of Policy	\$350	\$0.05
Review/Preparation of Documents	\$350	\$0.05
Identity Theft Defense	\$1,000	\$0.05
Life Insurance Claims	\$2,000	\$0.05

Virginia Surety Company, Inc.

Group Legal Expense

Rate and Rule Manual

Mail Order or Internet Purchase Dispute	\$350	\$0.05
Natural Disaster Insurance Claim	\$1,000	\$0.16
Personal Property Protection	\$350	\$0.05
Review & Preparation of Lease (Tenant only)	\$75	\$0.08
Small Claims Court Representation (Network Limit under \$1000)	\$120	\$0.05
Small Claims Court Representation (Network Limits \$1000+)	\$1,000	\$0.05
State Consumer Law Administrative Proceeding	\$1,000	\$0.05
Vehicle Repair and Lemon Law Litigation	\$350	\$0.05
Warranty Dispute		
Representation	\$350	\$0.05
Warranty Review	\$350	\$0.05
<i>Estate Planning</i>		
Basic Will or Codicil	\$90	\$1.43
Complex Will or Codicil	\$360	\$1.90
Health Care or Medical Power of Attorney	\$60	\$0.14
Living Trust Document	\$360	\$1.62
Living Wills / Health Care or Advance Directive	\$60	\$0.14
Medicare / Medicaid / Social Security Proceeding	\$1,000	\$0.05
Probate of Small Estate (Network Limit under \$1000)	\$120	\$0.05
Probate of Small Estate (Network Limits \$1000+)	\$1,000	\$0.16
Special Needs Trust	\$1,200	\$0.81
Social Security Administration Benefit Appeal	\$1,000	\$0.05
<i>Elder Matters</i>		
Elder Parent (Includes all benefits listed below)		\$0.05
Durable Financial Power of Attorney	\$60	
Health Care or Medical Power of Attorney	\$60	
Living Will/Health Care or Advanced Directive	\$60	
Will Preparation	\$90	
Elder Law Matters	\$500	\$0.09
<i>Residential Matters</i>		
Boundary or Title Dispute	\$700	\$0.05
Construction Defect Dispute	\$500	\$0.05

Virginia Surety Company, Inc.

Group Legal Expense

Rate and Rule Manual

Construction/Renovation/Home Repair Dispute	\$1,050	\$0.05
First Time Home-Buyer	\$500	\$0.05
HOA/COA/POA/Co-Op Board Dispute or Defense	\$700	\$0.10
Home Equity Loan Assistance	\$420	\$0.05
Landlord Dispute with Tenant (Covered Member is Landlord)	\$0	
Pre-litigation activities	\$700	\$0.04
Trial Representation	\$700	\$0.01
Landlord/Tenant Disputes (Covered Member is Tenant)	\$2,000	\$0.37
Neighbor Dispute	\$900	\$0.05
Noise Reduction Dispute	\$900	\$0.05
Property Tax Dispute	\$420	\$0.05
Property Tax Assessment	\$420	\$0.05
Purchase of Principal Residence	\$575	\$1.48
Real Estate Dispute	\$2,000	\$0.06
Refinancing of Principal Residence	\$450	\$0.46
Sale of Principal Residence	\$425	\$0.52
Security Deposit Dispute with Tenant	\$700	\$0.05
Tenant Security Deposit Dispute	\$1,000	\$0.05
Vacation or Investment Home Sale/Purchase/Refinancing	\$500	\$0.08
Zoning Application	\$700	\$0.05
<i>Financial Matters</i>		
Bankruptcy	\$1,100	\$1.65
Debt Collection Matters		
Correspondence	\$500	\$0.08
Trial Matters	\$1,000	\$0.13
Foreclosure	\$800	\$0.13
Garnishment Defense	\$1,000	\$0.08
Repossession Defense	\$1,000	\$0.05
Student Loan Refinancing/Collection Defense	\$490	\$0.05
Tax Audits	\$2,000	\$0.15
Tax Defense	\$1,000	\$0.05
<i>Family Matters</i>		
Child Custody/Support Proceeding Involving Never-Married Parents	\$2,000	\$0.05

Virginia Surety Company, Inc.

Group Legal Expense

Rate and Rule Manual

Contested Divorce	\$2,000	\$0.68
Contested Divorce Post-Divorce Proceedings	\$2,000	\$0.68
Governmental Agency Adoption - Contested	\$900	\$0.17
Governmental Agency Adoption - Uncontested	\$425	\$0.08
Grandparent Visitation or Custody - Contested	\$2,000	\$0.14
Grandparent Visitation or Custody - Uncontested	\$700	\$0.05
Grandparent/Family Member Adoption and Legitimization - Contested	\$900	\$0.11
Grandparent/Family Member Adoption and Legitimization - Uncontested	\$425	\$0.05
Guardianship of Grandchild/Family Member - Uncontested	\$425	\$0.05
Guardianship of Grandchild/Family Member - Contested	\$900	\$0.11
Guardianship/Conservatorship - Contested	\$900	\$0.11
Guardianship/Conservatorship - Uncontested	\$425	\$0.05
Immigration Assistance	\$700	\$0.93
International Adoption	\$700	\$0.05
Juvenile Court Proceedings	\$550	\$0.15
Name Change	\$300	\$0.07
Non-Government Agency Adoption - Contested	\$900	\$0.17
Non-Government Agency Adoption - Uncontested	\$425	\$0.08
Parental Responsibility Matters	\$700	\$0.05
Paternity Proceeding	\$700	\$0.05
Prenuptial Agreement	\$800	\$0.19
Private Adoption	\$900	\$0.16
Protection from Domestic Violence	\$700	\$0.05
School Administrative Proceeding	\$500	\$0.05
School Code of Conduct/Ethics Proceeding	\$500	\$0.05
School Expulsion Proceeding	\$500	\$0.05
School Harassment Proceeding	\$500	\$0.05
Special Needs Education Representation	\$700	\$0.07
Stalking Victim Assistance	\$700	\$0.07
Stepparent Adoption - Contested	\$900	\$0.25
Stepparent Adoption - Uncontested	\$425	\$0.12
Surrogacy Representation	\$2,000	\$0.05
Uncontested Separation, Divorce, Annulment		
Consent/Default Divorce	\$700	\$0.20
Legal Separation	\$700	\$0.37

Virginia Surety Company, Inc.

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Uncontested Divorce	\$700	\$0.88
<i>Civil Matters</i>		
Administrative Hearing Representation	\$1,500	\$0.05
Incompetency Defense	\$2,000	\$0.05
Mediation	\$1,000	\$0.05
Property Owner Gun Rights Civil Defense	\$2,000	\$0.05
<i>Civil Litigation Matters</i>	\$2,000	\$0.78
<i>Criminal Matters</i>		
Adjustments to Probation or Parole	\$1,000	\$0.05
Administrative Proceedings	\$300	\$0.05
Bench or Arrest Warrant	\$2,000	\$0.05
DUI/DWI Defense	\$2,000	\$0.28
Felony Defense		
Employment Related	\$2,000	\$0.51
Non-employment Related	\$2,000	\$0.21
Habeas Corpus Proceeding	\$1,000	\$0.05
Medicaid/Medicare Asset Transfer Defense	\$2,000	\$0.05
Misdemeanor Matters	\$2,000	\$0.28
Property Owner Gun Rights Criminal Defense	\$2,000	\$0.05
Restraining Order Assistance	\$500	\$0.05
Serious Traffic Matters	\$500	\$0.22
Traffic Ticket	\$250	\$0.26
<i>Small Business Owner Advice and Representation</i>		
Initial Legal Consultation	\$150	\$9.59
Review of Simple Document	\$150	\$9.59
Document Preparation		
Consumer Dispute Correspondence	\$110	\$0.56
General Power of Attorney	\$110	\$0.56
Installment Sales Agreement	\$110	\$0.28
Lease Agreement - Tenant Only	\$450	\$1.15
Promissory Note	\$110	\$1.41

Virginia Surety Company, Inc.

Group Legal Expense

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Simple Affidavit	\$110	\$1.41
Simple Deed	\$110	\$1.41
Customer Dispute	\$450	\$2.30
Patent/Trademark/Copyright Advice and Filing	\$500	\$0.05
Incorporation Advice and Filing	\$500	\$0.05
Miscellaneous Small Business Owner Legal Services	\$750	\$0.29
<i>Major Trial Supplement</i>		
Major Trial	\$100,000	\$1.39

Table 2 - Network Benefit Adjustment Factors

Benefit Multiplier	Factor
25%	0.25
50%	0.50
75%	0.75
100%	1.00
125%	1.25
150%	1.50
175%	1.75
200%	2.00
225%	2.23
250%	2.45
275%	2.62
300%	2.75
325%	3.01
350%	3.14
375%	3.27
400%	3.40
425%	3.53
450%	3.66
475%	3.79
500%	3.92

Virginia Surety Company, Inc.

Group Legal Expense

Rate and Rule Manual

Table 3 - Waiting Period Factors

Waiting Period in Months	Factor
0	1.000
1	0.983
2	0.967
3	0.950
4	0.917
5	0.883
6	0.850

Table 4 - Group Size / Participation Rate Factors

Group Size	Participation Rate			
	0-9%	10-49%	50-99%	Blanket
1 - 2,000	1.00	0.95	0.90	0.75
2,001 - 10,000	0.92	0.87	0.83	0.70
10,001+	0.83	0.79	0.75	0.65

Table 5 - New / Renewal / Takeover Rate Factor

New / Renewal	Factor
New	1.000
Renewal	0.975
Takeover	0.975

Table 6 - Multi-Year Rate Guarantee Factor

# of Years	Factor
1	1.000
2	1.012
3	1.024
4	1.036
5	1.048

Virginia Surety Company, Inc.

Group Legal Expense

Rate and Rule Manual

Table 7 - Individual / Family / Composite Rating Factors

Individual / Family / Composite	Factor
Individual	0.85
Individual + Spouse	1.06
Family	1.10
Composite**	1.00

**Composite is a single rate that applies to all covered group members regardless of Individual, Individual + Spouse or Family coverage.

Table 8 - Experience Modification Factor

When up to 3 years of group experience is available, the Experience Modification Factor allows for the plan premium for the group members to be adjusted on a prospective basis. This factor may be calculated using group experience under a policy written by Virginia Surety Company, Inc., or using group experience under a policy written by another carrier.

This Experience Modification Factor is calculated as follows:

- (1) Sum of Annual Incurred Losses Up to 3 Years Prior
- (2) Sum of Annual Premiums Up to 3 Years Prior
- (3) Total Loss Ratio = (1) / (2)
- (4) Sum of Incurred Claim Counts Up to 3 Years Prior
- (5) Credibility Factor = $\text{MIN}\{\text{SQRT}[(4) / 400], 1\}$
- (6) Experience Modification Factor = $\{100\% * [1 - (5)]\} + [(5) * (3)]$

The application of the Experience Modification Factor is Optional, and it may only be applied upon policy inception or upon policy renewal.

Virginia Surety Company, Inc.

Group Legal Expense

Rate and Rule Manual

Schedule Rating Plan

Criteria	Credit/Debit
Marketing Cost (on site enrollment expense, multiple brokers, customized materials)	-5% to +5%
Marketing Methods (telemarketing, direct mail, inserts, infomercial, electronic media, storefront)	-10% to +10%
Group Demographics not otherwise rated for (age, group/worksites locations)	-5% to +5%
Program Management (reporting, increased automation, claims, customer service)	-5% to +5%
Mix of Services In and Out of Network 100% In = Max Credit 50% In = No Credit 0% In = Max Debit	-10% to +10%
Producer Risk Sharing Agreements Full Producer Fees at risk = Max Credit Partial profit share with Producer = Credit ratio equivalent to profit share ratio (50/50 share = -5% Credit) No producer risk sharing = No Credit Producer can place risk with multiple carriers = Max Debit	-10% to +10%
Underwriter's Discretion	-25% to +25%

The maximum credit/debit that can be applied is +/- 25%

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Supporting Document Schedules

Bypassed - Item:	Consulting Authorization
Bypass Reason:	NA
Attachment(s):	
Item Status:	
Status Date:	

Satisfied - Item:	Actuarial Certification (P&C)
Comments:	
Attachment(s):	ACTPKG_DC VU GRLE_Actuarial Memorandum.pdf ACTPKG_DC VU GRLE_Actuarial Support and Exhibits.pdf
Item Status:	
Status Date:	

Satisfied - Item:	District of Columbia and Countrywide Experience for the Last 5 Years (P&C)
Comments:	
Attachment(s):	ACTPKG_DC VU GRLE_Exhibit 17 DC and Countrwide Experience for the last 5 years.pdf
Item Status:	
Status Date:	

Satisfied - Item:	District of Columbia and Countrywide Loss Ratio Analysis (P&C)
Comments:	
Attachment(s):	ACTPKG_Countrywide Group Legal Expense Actuarial Package - Indication and Supporting Exhibits.xlsx ACTPKG_DC VU GRLE_Actuarial Support and Exhibits.pdf ACTPKG_DC VU GRLE_Actuarial Memorandum.pdf
Item Status:	
Status Date:	

Satisfied - Item:	Comparison copy of rate rule manual
Comments:	
Attachment(s):	v3 Legal Expense Rate and Rule Manual - Side By Side.pdf
Item Status:	
Status Date:	

Satisfied - Item:	Filing Letter
Comments:	
Attachment(s):	GENFL_121019_DC Rate Rule.pdf

SERFF Tracking #:	ASPX-132184731	State Tracking #:		Company Tracking #:	SF_10593_GRLE_DC_VU_10870
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Attachment ACTPKG_Countrywide Group Legal Expense Actuarial Package - Indication and Supporting Exhibits.xlsx is not a PDF document and cannot be reproduced here.

Virginia Surety Company, Inc.

Group Legal Expense

Washington D.C.

Actuarial Memorandum

Virginia Surety Company, Inc., (VSC or the Company) presents for your review and approval this update to its Group Legal Expense rate and rule filing.

Group Legal Expense coverage provides covered group members with prepaid legal services for a scheduled list of covered legal matters. This scheduled list is included as part of the group member's Certificate of Coverage and as part of the Group Legal Expense Insurance Policy.

Covered group members may use either "Participating" or "Non-Participating" attorneys. A Participating attorney is an attorney who is specifically contracted to provide the covered legal services at the amount stated in the Participating Attorney column of the scheduled list of covered legal matters. A Non-Participating attorney is an attorney not so contracted, but who is selected and paid by the service contract holder. Non-Participating attorney fees will be covered up to the amount shown in the Non-Participating Attorney column of scheduled list of covered legal matters. The covered amounts may vary by group and with the premiums adjusted accordingly.

Covered group members are charged a monthly fee and can withdraw from the plan at any time.

In order to provide a competitive premium for our program in light of new benefits being introduced in this rate filing, we are proposing a rate change of -29.0%, which is larger than the indicated rate change of -22.5%.

We do not believe this additional reduction in premium will result in premiums that are inadequate. Our analysis of industry and competitor information, as shown in Exhibit 15a, indicates premiums lower than those being requested with this rate filing. Additionally, Group Legal Expense premium accounts for approximately 1% of the total premiums written and earned on a Countrywide basis, indicating that this additional reduction of premium will not put the Company in an adverse financial situation.

Exhibit 1 - Rate Level Indication

Exhibit 1 contains our Rate Level Indication of -22.5% for this program.

Exhibit 2 - On-Level Factor

Exhibit 2 is our On-Level Factor calculation. Note that we have not had any rate filings in the last 6 years.

Exhibit 3 - Premium Trend Factor

We have selected the 8-quarter trend result. The On-Level Earned Premium per Exposure has been very stable over the 7 quarters proceeding 2019Q1. We believe the 8-quarter trend better reflects this average premium stability compared to the other annual trends calculated.

We have selected a Trend Period of 1.5 years to trend our most recent period of experience to an Average Earned Date of 7/1/2020.

Virginia Surety Company, Inc.

Group Legal Expense

Washington D.C.

Actuarial Memorandum

Exhibit 4 - Paid Loss Development Factor

We only track losses closed with payment for this program. This is due to the fact that the time between opening a claim and closing a claim for this product is often less than 1 month. We have selected Loss Development Factors of 1.000 for each period.

Exhibit 5 - Loss Adjustment Expense Factor

Claims for this program are adjudicated and paid by a third-party administrator (TPA). Virginia Surety does not, therefore, have any associated loss adjustment expenses for this program.

Exhibit 6 - Non-Catastrophe Loss Trend Factors

We have selected the 16-quarter trend result. We believe that the 16-quarter trend result adequately reflects the current and near future expected losses for this program when compared to the other trend estimates.

As with the Premium Trend selection, we have selected a Trend Period of 1.5 years to trend our most recent period of experience to an Average Loss Date of 7/1/2020.

Exhibit 7 - Credibility

Exhibit 7 shows the calculation of our credibility factor based on both Exposures and Claim Counts. For this filing, we have selected the credibility based on an estimated claim count over the 5-year experience period 2015 - 2019 of 78.

Our third-party administrator does not provide us with claims detail at the individual claim level. Claims are provided on a monthly basis at a Covered Group summary level. Claim counts, as presented in this filing, have been estimated by counting the group summary records provided in the monthly bordereau reporting.

Exhibit 8 - Derivation of Permissible Loss Ratio

Exhibit 8 shows the derivation of our permissible loss ratio of 39.9%. We have selected Taxes, Licenses, and Fees based on state-specific data. We have selected the remainder of the expenses based on countrywide data.

Virginia Surety Company, Inc.

Group Legal Expense

Washington D.C.

Actuarial Memorandum

Exhibits 9-14 - Underwriting Profit Provision Support

Exhibit 9 provides the calculation of our underwriting profit provision of 7.5%. Exhibits 10-14 provide support to the calculations in Exhibit 9.

Exhibit 15a - Rate Classification Relativities - Current Program Benefits

Due to the simple nature of the current VSC Group Legal Expense program (Current Program), claims have not been historically tracked at the individual benefit level. With this filing, we are expanding the Current Program and wish to make benefit level changes. We have, therefore, relied heavily on industry data and competitor rate filings, as well as industry partner feedback, to develop benefit level indicated premiums. We have also developed Company Indicated premiums based on our overall Current Program rate indication.

The Competitor Rate filings reviewed include Nationwide Mutual Insurance Company's Personal Expense Protection - Legal Fees Program (SERFF# NWLC-130454534), Allstate Insurance Company's Group LegalCare program (SERFF# ALSX-126321354), and ARAG Insurance Company's Group Legal Expense Insurance program (SERFF# ARAG-125346276). Please note that even though we reviewed these filings, we did not necessarily make use of all three companies' filings in our final rate decision process.

For the derivation of industry and competitor indicated premiums, we began with industry/competitor indicated loss costs for coverage at the Base Network Benefit Amount and adjusted for an expected loss ratio of 39.1%. This expected loss ratio was derived on a Countrywide basis using expense information from the Company's Insurance Expense Exhibits for the current Group Legal Expense program. This expected loss ratio derivation is shown in Exhibit 16. Please note that this expected loss ratio was only used to bring industry/competitor loss costs up to an indicated premium with the same level of expenses as our current program and was not used in our rate indication calculation.

The following changes are being made to the Company's current program benefits:

- We are removing the premium charge for the Consultation and Advice benefits. As the program is structured on a go forward basis, these benefits are provided as a customer service rather than as claim generating legal matters. The associated cost will be absorbed as a program expense.
- The Consumer Dispute - Negotiated Settlement and Consumer Dispute - Trial Matters benefits are being combined into a single benefit and the premium for the combined benefit is being reduced as indicated.
- The Living Wills / Health Care or Advanced Directive / Health Care or Medical Power of Attorney benefit is being split into two benefits: Living Wills / Health Care or Advanced Directive and Health Care or Medical Power of Attorney. The premium for the separate benefits is being increased as indicated by industry/competitor information.

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- The Codicils benefit is being combined into the Basic Will benefit. The revised premium for the Basic Will benefit contemplates this additional coverage.
- DUI/DWI Defense coverage is being split from the Misdemeanor Matters benefit. The selected premium for each benefit assumes a 50/50 split of the industry/competitor indicated premium.
- The Debt Collection Matters - Negotiated Settlement and Debt Collection Matters - Trial Matters benefits are being combined into a single benefit and the premium for the combined benefit is being reduced as indicated.
- Contested Divorce is being split into two benefits, Contested Divorce and Contested Divorce Post-Divorce Proceedings. The premium is being increased as indicated with the final premium split 50/50 between benefits.
- The remainder of the current benefits were adjusted upward and downward as indicated by a combination of VSC experience and industry/competitor indicated premiums.

These changes contribute to the overall rate impact to existing policyholders.

Exhibits 15b-15e - Rate Classification Relativities - New Program Benefits

With this filing we are proposing to expand the covered legal benefits that can be offered. Rates for these new program benefits were developed using industry data, competitor rate filings, industry partner feedback, or, when industry data or competitor rate filings were not available, relevant demographic data or relevant data from other proposed benefits. More information regarding this last category of benefits is included below.

For the derivation of industry and competitor indicated premiums, we began with industry/competitor indicated loss costs and adjusted for an expected loss ratio of 39.1%. As noted above, this expected loss ratio was derived on a Countrywide basis using expense information from the Company's Insurance Expense Exhibits for the current Group Legal Expense program and can be found in Exhibit 16. Please note that this expected loss ratio was only used to bring industry/competitor loss costs up to an indicated premium with the same level of expenses as our current program and was not used in our rate indication calculation.

Benefits for which industry data or competitor rate filings were not available had premiums derived as follows:

- **Legal Services for any non-excluded legal matter not specifically covered in the Schedule of Benefits** - This benefit, if included as a covered legal matter, provides for legal services for any legal matter not listed as a covered service or excluded from coverage. Because of the broad range of legal matters this could encompass, we have assumed experience similar to our current Civil Litigation Matters benefit. The premium for this coverage was developed as $\text{Proposed Civil Litigation Matters Premium} / \text{Civil Litigation Matters Base Network Benefit Amount} * \text{Legal Services Base Network Benefit amount}$ ($\$0.78 / \$2,000 * \$350 = \0.14).

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- **Personal Property Protection** - If included as a covered legal matter, Personal Property Protection includes legal counseling on pursuing or defending small claims actions in addition to legal counseling on other Personal Property related issues. Due to this similarity to our proposed Small Claims Court Representation (Network Limit under \$1,000) benefit, we have assumed a similar indicated monthly premium, adjusted for the different benefit levels, as follows: $\text{Small Claims Court Indicated Premium} / \text{Small Claims Court Limit} * \text{Personal Property Protection Limit} (\$0.003 / \$120 * \$1,000 = \$0.025)$.
- **State Consumer Law Administrative Proceeding** - This benefit, if included as a covered legal matter, provides for services related to representation in an administrative proceeding before a state agency for a matter related to consumer fraud. We have assumed experience similar to the proposed Consumer Fraud Litigation benefit and selected a similar premium.
- **Special Needs Trust** - If included as a covered legal matter, this provides for the preparation of special or supplemental needs trust documents for a mentally or physically disabled beneficiary. To price this benefit, we began with the proposed premium and Network Benefit Limit for our Living Trust benefit and backed into the underlying expected frequency. We then adjusted this frequency downward because we believe that Special Needs Trusts are much less common than Living Trusts. Our frequency assumption was guided by information from the U.S. Census Bureau's "Americans With Disabilities: 2010" report. Per this report, approximately 14.8% of the population aged 15 and older have a severe disability. We have assumed a similar population for Special Needs Trusts as compared to Living Trusts and multiplied the expected Living Trust frequency by 15% to arrive at the Special Needs Trust Frequency. To this frequency, we applied our Base Network Benefit Limit and expected loss ratio to arrive at our Special Needs Trust premium. Please see Exhibit 15c for the derivation.
- **Guardianship/Conservatorship - Contested, Governmental Agency Adoption - Contested, Stepparent Adoption - Contested, and Guardianship of Grandchild - Contested** - These benefits, if included as covered legal matters, provide for services related to guardianship or adoption when there are significant disputed issues (contested). We have assumed these will have experience similar to our current Uncontested (no significant disputed issues) versions. To arrive at a premium for these benefits, we have selected the Uncontested proposed premium, divided by the Uncontested Network Benefit Limit and then multiplied by the desired Contested Network Benefit Limit.
- **Non-Governmental Agency Adoptions - Contested and Uncontested** - These benefits, if included as covered legal matters, will provide for legal representation in non-governmental agency adoptions. We have assumed the same experience as the corresponding Governmental Agency Adoptions and are charging the same premiums.
- **Grandparent Visitation/Custody - Contested and Grandparent/Family Member Adoption and Legitimization - Contested** - These benefits, if included as covered legal matters, cover legal representation related to visitation, custody and/or adoption related to Grandparents or other family members. We have assumed the same experience as the proposed Uncontested versions of these benefits, adjusting the selected premium for the higher Base Network Benefit Amount.

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- **Stalking Victim Assistance** - This benefit, if included as a covered legal matter, provides for legal services, including temporary restraining orders, for victims of stalking incidents. We have assumed that experience will be similar to the proposed Restraining Order Assistance benefit with the selected premium adjusted for higher desired limits as follows: Restraining Order Assistance Selected Premium / Restraining Order Benefit Limit * Stalking Victim Assistance Limit ($\$0.05 / \$500 * \$700 = \0.07).
- **School Expulsion Proceeding, School Code of Conduct/Ethics Proceeding and School Administrative Proceeding** - These benefits, if included as covered legal matters, provide for legal services related to the covered member's dependent child involvement in one of these proceedings. We have assumed that experience will be similar to the proposed School Harassment Proceeding benefit and are charging the same premiums.
- **Special Needs Education Representation** - This benefit provides for services related to the special needs education of the covered members dependent child, if included as a covered legal matter. As this is a new benefit in the market and different from our other benefits offered, there is no industry or competitor experience for us to rely on. To guide the derivation of the premium for this coverage, we have relied on U.S. Department of Education statistics related to the Individuals with Disabilities Education Act. Full rate development and explanation can be found in Exhibit 15d - Derivation of Special Needs Education Representation Rate.
- **Felony Defense - Non-Employment Related** - This benefit, if included as a covered legal matter, provides for defense of a covered member in connection with criminal felony charges unrelated to the covered member's employment. As there is no industry data or competitor information related to this benefit, we have relied on Census Bureau and Bureau of Justice Statistics as well as a competitor's filed frequency for Employment Related Felony Defense (Nationwide filing referenced above). Using this information, we have derived our proposed premium of \$0.21 for this benefit. A full explanation as well as the rate derivation can be found in Exhibit 15e.
- **Property Owner Gun Rights Criminal Defense** - If included as a covered legal matter, this benefit will provide for legal services related to charges arising from the covered member's use or possession of a legally owned and possessed firearm while on the covered member's residential property. There is no industry or competitor information related to Property Owner Gun Rights Criminal Defense. We do, however, have industry data related to Property Owner Gun Rights *Civil* Defense. We have assumed, until the program generates experience indicating otherwise, that the experience for the two benefits will be similar. Therefore, we have selected the same rate for Criminal Defense as we have for Civil Defense.
- **Miscellaneous Small Business Owner Legal Services** - This benefit, if included as a covered legal matter, provides for legal services for any small business legal matter not listed as a covered service or excluded from coverage. Because of the broad range of legal matters this could encompass, we have assumed experience similar to our current Civil Litigation Matters benefit. The premium for this coverage was developed as Proposed Civil Litigation Matters

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Premium / Civil Litigation Matters Base Network Benefit Amount * Small Business Legal Services Base Network Benefit amount.

- **Major Trial Supplement** - This benefit, if included as a covered legal matter, provides for representation in any non-excluded trial matter in addition to any coverage shown in the scheduled list of covered legal matters. We have assumed that experience for this benefit will be similar to that of the proposed Small Claims Court Representation, adjusted for the higher Major Trial Supplement limit.

The addition of these new benefits does not contribute to the overall rate impact to existing policyholders.

Exhibits 15f-15l - Rate Classification Relativities - New/Adjusted Rating Factors

With this filing, we are introducing and/or modifying the following rating factors:

- **Exhibit 15f - Network Benefit Adjustment Factors** - We currently have no rating factors to allow for the adjustment of the Base Network Benefit Limits. We are introducing rating factors to allow for the adjustment of the Base Network Benefit Limits from 25% of Base up to 500% of Base. The rating factors for limit adjustments from 50% of Base to 300% of Base were selected based on competitor rate filings. Rating factors for limit adjustments above 300% were derived using linear interpolation where the slope for these higher limits was assumed to be the same as the slope between the 275% and 300% limit adjustment factors. Finally, the rating factor for the 25% of Base adjustment was assumed to be 25% of the base premium.

The introduction of these rating factors has no rate impact on existing policyholders.

- **Exhibit 15g - Individual / Family Rating Factors** - Our current program premiums are a blended, or Composite, rate across individual and family coverages. If individual and family rates are desired under our current program, this is done via the schedule rating plan. With this filing, we are introducing rating factors to allow for the rating of Individual, Individual + Spouse and Family coverage policies separately and removing this from the schedule rating plan. We are also maintaining a rating factor for Composite coverage rating if a group so desires. These rating factors are based on competitor analysis, rebased for a Composite factor of 1.00.

There is no rate impact to existing policyholders with the introduction of these rating factors.

- **Exhibit 15h - Waiting Period Rating Factors** - These rating factors allow for premium adjustments if the policy includes a coverage waiting period. The factors for 0, 3 and 6 months are based on competitor analysis, while the remaining have been derived using linear interpolation.

There is no rate impact to existing policyholders with the introduction of these rating factors.

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- **Exhibit 15i - Group Size / Participation Rate Factors** - These factors allow for premiums to be adjusted based on the underlying group size and the expected participation rate of group members in the program. We began with analysis of competitor rating factors. We then adjusted the rating factors for the 0-9% participation tier so that the ratios across group sizes were consistent with the 10-49% and 50-99% participation tiers. We judgmentally decreased the rating factors for the Blanket (100%) participation tier based on feedback from our industry partners. As used in this filing, the term Blanket refers to a plan sponsored by the group and coverage made available to all members of the group at no cost to the group members. The Company's current program allows for groups over 1,000 members to receive a 5% discount in premium and for groups <100 members to receive a 5% increase in premium. Therefore, the introduction of these new Group Size / Participation Rate Factors does have a rate impact for existing policyholders. The rate impact to existing policyholders with this change is -3.16%.
- **Exhibit 15j - New/Renewal/Takeover Rating Factors** - These rating factors allow for premium discounts on renewal policy premiums for existing group legal expense programs for which we are the underwriter and discounts when taking over existing group legal expense programs for which we are not currently the underwriter. These rating factors are based on competitor analysis.

There is no rate impact to existing policyholders with the introduction of these factors.

- **Exhibit 15k - Multi-Year Rate Guarantee Rating Factors** - These rating factors allow us to adjust premiums when groups request that rates be guaranteed for periods longer than one year. As these rate guarantees prevent us from adjusting premiums on an annual basis, we charge higher premiums from the outset to offset adverse trends in losses that may occur.

To derive the Rate Guarantee factors, we reviewed the Company's current legal expense program's historical loss trends on a Countrywide basis and used the resulting Past-to-Current loss trend factors as an indication of most probable increase in premium needed.

The derivation of these factors, including the review of the historical loss trends, is included in Exhibit 15k. There is no rate impact to current policyholders from the introduction of these factors.

- **Exhibit 15l - Experience Modification Factor** - This rating factor allows for the premium for a group to be adjusted, on a prospective basis, when up to three years of experience for the group is available. We based this rating factor methodology on competitor analysis.

The Experience Factor is calculated as the sum of the group incurred losses ratioed to the sum of the group current premium. This factor is then credibility weighted against a factor of 1.00, where credibility is determined as the $\text{MIN}(\text{SQRT}(\text{sum of claim count} / 400), 1)$. The credibility weighted Experience Factor is then applied to the total policy premium to arrive at the experience adjusted policy premium.

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There is no rate impact to existing policyholders from the introduction of this rating factor.

The application of the Experience Modification Factor is optional and may only be applied upon policy inception or upon policy renewal.

Exhibit 15m - Rate Classification Relativities - Schedule Rating Plan

We are modifying our current Schedule Plan to include additional criteria. The additional criteria include an adjustment based on the percentage of services covered in network, an adjustment if there is risk sharing with the producer and an underwriter's discretionary adjustment.

The maximum credit/debit that can be applied is +/- 25%.

There is no impact to existing policyholders from the introduction of these new criteria.

Exhibit 16 - Supplemental Information

We have provided the calculation of our Expected Loss Ratio as used to bring industry/competitor loss cost to premiums having the same expense level as our current program. This loss and expense ratio was not used in our rate level indication.

Exhibit 17 - DC & Countrywide Experience for Last 5 Years

We have provided written premium, the number of policyholders at year end, and the rate actions taken for the last five calendar years. There have been no rate changes over the last five years.

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Overall Rate Indication

(1)	(2)	(3)	(4)	(5)	(6)				
Calendar									
Year	Written Premium	Earned Premium	On-Level Factor	On-Level Earned Premium	Premium Trend Factor	Trended On-Level Earned Premium			
2015	11,606	11,606	1.000	11,606	0.994	11,534			
2016	11,494	11,494	1.000	11,494	0.995	11,436			
2017	13,687	13,687	1.000	13,687	0.996	13,632			
2018	14,612	14,612	1.000	14,612	0.997	14,569			
2019	14,835	14,835	1.000	14,835	0.998	14,807			
Total	66,234	66,234		66,234		65,977			
(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	
Accident									
Year	Paid Loss	Loss Development Factor	Loss Adjustment Expense Factor	Past-to-Current Loss Trend Factor	Current-to-Future Loss Trend Factor	Trended Ultimate Loss & LAE	Loss & LAE Ratio	Selected Accident Year Weights	Weighted Loss & LAE Ratio
2015	3,178	1.000	1.000	0.688	0.849	1,858	16.1%	20.0%	
2016	2,725	1.000	1.000	0.756	0.849	1,749	15.3%	20.0%	
2017	4,514	1.000	1.000	0.830	0.849	3,182	23.3%	20.0%	
2018	3,497	1.000	1.000	0.911	0.849	2,706	18.6%	20.0%	
2019	2,526	1.000	1.000	1.000	0.849	2,146	14.5%	20.0%	
Total	16,441					11,641	17.6%		17.6%
(16)	Experience Period Loss Ratio					17.6%			
(17)	Credibility					26.8%			
(18)	Permissible Loss Ratio					39.9%			
(19)	Trended Permissible Loss & LAE Ratio					34.0%			
(20)	Credibility-Weighted Loss & LAE Ratio					29.6%			
(21)	Selected Loss Ratio					29.6%			
(22)	Fixed Expenses					5.9%			
(23)	Variable Expenses					54.2%			
(24)	Indication					-22.5%			
	= [(21) + (22)] / [1 - (23)] - 1								
	Selected Rate Action					-29.0%			

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On-Level Factor

Calendar Year	Effective Date	Rate Action	(1) Cumulative Rate Level	(2) Average Rate Level	(3) On-Level Factor
2014		-	1.000	1.000	1.000
2015		-	1.000	1.000	1.000
2016		-	1.000	1.000	1.000
2017		-	1.000	1.000	1.000
2018		-	1.000	1.000	1.000

Notes

(2) Average rate level of earned premium for each calendar year, calculated via parallelogram method

(3) = (1 @ 2018) / (2)

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Premium Trend Factor

	(1)	(2)	(3)	(4)			
			= (1) / (2)				
Calendar Quarter	On-Level Earned Premium	Earned Exposures	Average Premium	Rolling 4-Quarter Average Premium	12-Quarter Fit	8-Quarter Fit	4-Quarter Fit
2015-1	1,747	102	17.13				
2015-2	2,724	159	17.13				
2015-3	2,004	117	17.13				
2015-4	4,026	235	17.13	17.13			
2016-1	2,741	160	17.13	17.13			
2016-2	2,878	168	17.13	17.13	17.11		
2016-3	1,987	116	17.13	17.13	17.09		
2016-4	3,049	177	17.23	17.15	17.07		
2017-1	5,773	337	17.13	17.15	17.05		
2017-2	2,570	150	17.13	17.15	17.03	17.15	
2017-3	5,036	294	17.13	17.15	17.01	17.14	
2017-4	2,227	141	15.79	16.80	16.99	17.14	
2018-1	4,779	279	17.13	16.80	16.96	17.14	
2018-2	3,735	218	17.13	16.80	16.94	17.13	16.92
2018-3	2,535	148	17.13	16.80	16.92	17.13	17.05
2018-4	3,734	218	17.13	17.13	16.90	17.12	17.18
2019-1	4,831	283	17.07	17.12	16.88	17.12	17.32

(5)	Quarterly Premium Trend	-0.1%	0.0%	0.8%
(6)	Annual Premium Trend	-0.5%	-0.1%	3.1%
$= [1 + (5)]^4 - 1$				
(7)	Selected Premium Trend	-0.1%		
(8)	Midpoint of Latest Trending Period	10/1/2018		
(9)	Anticipated Effective Date of Rate Action	12/1/2019		
(10)	Average Earned Date	7/1/2020		

	(11)	(12)	(13)
	$= [1 + (7)]^{\wedge}$		
	{ 03/31/2019 – 03/31/YYYY } / 365.25		
	$= [1 + (7)]^{\wedge}$		
	{ (10) – (8) } / 365.25		
	$= (11) \times (12)$		
Calendar Year	Past-to-Current Trend Factor	Current-to-Future Trend Factor	Overall Premium Trend Factor
2015	0.996	0.998	0.994
2016	0.997	0.998	0.995
2017	0.998	0.998	0.996
2018	0.999	0.998	0.997
2019	1.000	0.998	0.998

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Paid Loss Development Factor

We only have claims by paid date and are, therefore, unable to calculate a paid loss development factor.

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Loss Adjustment Expense Factor

	(1)	(2)	(3)
			$= 1 + (1) / (2)$
	Loss Adjustment Expense (000s)	Incurred Loss (000s)	LAE Factor
Calendar Year			
2014	0	900	1.000
2015	0	862	1.000
2016	0	709	1.000
2017	0	541	1.000
2018	0	627	1.000
Total	0	3,639	1.000
Selected LAE Factor			1.000

Notes

- (1) Source: Insurance Expense Exhibit, Part III, Line 34.01, Columns 9 & 11
 (2) Source: Insurance Expense Exhibit, Part III, Lines 34.01, Column 7

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Loss Trend Factors

(1)		(2)	(3) = (1) / (2)					
Calendar Quarter	Non-Cat Paid Loss	Earned Exposures	Average Loss Cost	Rolling 4-Quarter Average Loss Cost	16-quarter Regression Fit	12-quarter Regression Fit	8-quarter Regression Fit	4-quarter Regression Fit
2014-2	1,012	187	5.41					
2014-3	438	192	2.28					
2014-4	1,490	197	7.56					
2015-1	237	102	2.32	4.40				
2015-2	363	159	2.29	3.61	3.53			
2015-3	827	117	7.07	4.81	3.45			
2015-4	539	235	2.29	3.49	3.37			
2016-1	996	160	6.22	4.47	3.29			
2016-2	1,274	168	7.58	5.79	3.22	5.44		
2016-3	265	116	2.29	4.60	3.14	5.12		
2016-4	405	177	2.29	4.59	3.07	4.81		
2017-1	2,570	337	7.63	4.95	3.00	4.52		
2017-2	1,393	150	9.29	5.37	2.93	4.25	4.81	
2017-3	672	294	2.29	5.37	2.86	3.99	4.31	
2017-4	315	141	2.23	5.36	2.80	3.75	3.86	
2018-1	1,118	279	4.01	4.45	2.73	3.53	3.46	
2018-2	500	218	2.30	2.70	2.67	3.31	3.10	2.82
2018-3	338	148	2.29	2.70	2.61	3.11	2.78	2.95
2018-4	1,038	218	4.76	3.34	2.55	2.93	2.49	3.08
2019-1	649	283	2.29	2.91	2.49	2.75	2.23	3.21

(4)	Quarterly Loss Cost Trend	-2.3%	-6.0%	-10.4%	4.4%
(5)	Annual Loss Cost Trend	-8.9%	-22.0%	-35.5%	18.7%
= [1 + (4)] ⁴ - 1					

		(10)	(11) = [1 + (6)] [^] { (10 @ 2018) - (10) } / 365.25	(12) = [1 + (7)] [^] { (9) - (10 @ 2018) } / 365.25
(6)	Selected Historical Loss Trend	-8.9%		
(7)	Selected Prospective Loss Trend	-8.9%		
		Accident Year	Average Loss Date	Past-to-Current Loss Trend Factor
		2014	10/1/2014	0.688
		2015	10/1/2015	0.756
		2016	10/1/2016	0.830
		2017	10/1/2017	0.911
		2018	10/1/2018	1.000
(8)	Anticipated Effective Date of Rate Action	12/1/2019		0.849
(9)	Average Prospective Date of Loss	7/1/2020		0.849

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	Credibility	DC	Countrywide
(1) Selected Tolerance		5%	5%
(2) Selected Confidence		90%	90%
(3) Confidence size (n_0)		1,082	1,082
$= [\Phi \{ [1 + (2)] / 2 \} / (1)]^2$			
(4) Claims Closed with Payment over 5 years*		78	7,137
(5) Earned Exposures 2015 - 2019		3,878	652,413
(6) Claim Frequency (λ)		2.0%	1.1%
$= (4) / (5)$			
(7) Paid loss on Claims Closed with Payment		16,441	3,493,819
(8) Mean Severity (μ_s)		210.78	489.54
$= (7) / (4)$			
(9) Standard Deviation of Severity (σ_s)		58	30
(10) Coefficient of Variation of Severity (CV_s)		0.28	0.06
$= (\sigma_s) / (\mu_s)$			
(11) Number of exposures for full credibility (n_F)		57,894	99,303
$= n_0 \times (1 + CV_s^2) / \lambda$			
(12) Partial Credibility - Exposure Based		25.9%	100.0%
$= \min \{ 1 , \text{sqrt} [(5) / n_F] \}$			
(12) Partial Credibility - Claim Count Based		26.8%	100.0%
$= \min \{ 1 , \text{sqrt} [(4) / n_0] \}$			

Please note that actual claim counts are not available. We have estimated claim counts by counting the number of group claim summary records as provided by our third party claims administrator in their monthly bordereau reporting.

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Derivation of Permissible Loss Ratio

A. COUNTRYWIDE								
Calendar Year	2016		2017		2018		3 Year Average	Selected
	\$ (000s)	%	\$ (000s)	%	\$ (000s)	%		
(1) Direct Written Premium (Col. 1)	1,843	100.0%	1,680	100.0%	1,638	100.0%		
(2) Direct Earned Premium (Col. 3)	1,843	100.0%	1,680	100.0%	1,638	100.0%		
(3) Commissions and Brokerage (W) (Col. 11)	794	43.1%	811	48.3%	711	43.4%	44.9%	45.0%
(4) Other Acquisition Incurred (W) (Col. 27)	41	2.2%	32	1.9%	26	1.6%	1.9%	1.9%
(5) General Expenses Incurred (E) (Col. 29)	75	4.1%	59	3.5%	49	3.0%	3.5%	4.0%
(6) Taxes, Licenses and Fees (W) (Col. 12)	18	1.0%	17	1.0%	12	0.7%	0.9%	
B. WASHINGTON D.C.								
Calendar Year	2016		2017		2018		3 Year Average	Selected
	\$ (000s)	%	\$ (000s)	%	\$ (000s)	%		
(7) Direct Written Premium (Col. 1)	11	100.0%	16	100.0%	15	100.0%		
(8) Direct Earned Premium (Col. 2)	11	100.0%	16	100.0%	15	100.0%		
(9) Commissions and Brokerage (W) (Col. 11)	3	27.3%	5	31.3%	5	33.3%	31.0%	
(10) Taxes, Licenses and Fees (W) (Col. 12)	0.11	1.0%	0.16	1.0%	0.12	0.8%	0.9%	1.70%
(11) Total Expenses = (4) + (5) + (3) + (10)								52.6%
(12) Profit & Contingencies (Exhibit 9)								7.5%
(13) Permissible Loss & LAE Ratio = 1 – (11) – (12)								39.9%

(13) Fixed Expenses 5.9%
= (4) + (5)

(14) Variable Expenses 54.2%
= (3) + (10) + (12)

Notes:

A. Source: Insurance Expense Exhibit, Part III, Line 34.01

Virginia Surety Company, Inc.

Group Legal Expense

Washington D.C.

Derivation of Underwriting Profit Provision

(1) Target After-Tax Rate of Return on Surplus	15.0%
(2) Ratio of Written Premium to Surplus	0.94
(3) Expected Investment Income on Reserves as a % of Premium	0.0%
(4) Expected Investment Income on Reserves as a % of Surplus = (3) x (2)	0.0%
(5) Expected Investment Income on Surplus as a % of Surplus	3.4%
(6) Total Expected Investment Income as a % of Surplus = (4) + (5)	3.4%
(7) Federal Income Tax on Investment Income as a % of Surplus = (6) x 18.2%	0.6%
(8) After-Tax Investment Income on Surplus = (6) – (7)	2.7%
(9) Target After-Tax Underwriting Profit as a % of Surplus = (1) – (8)	12.3%
(10) Target After-Tax Underwriting Profit as a % of Premium = (9) / (2)	13.0%
(11) Target Pre-Tax Underwriting Profit as a % of Premium = (10) / {1 – 21%}	16.5%
(12) Selected Pre-Tax Underwriting Profit & Contingencies as a % of Premium	7.5%

Notes

- (2) See Exhibit 14
- (3) See Exhibit 10, G.
- (5) See Exhibit 10, E.
- (7) See Exhibit 13, f.

Virginia Surety Company, Inc.

Group Legal Expense

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Consideration of Investment Income

A. Unearned Premium Reserve	
1. 2018 Direct Earned Premium (000's)	1,638
2. 2018 Mean Unearned Premium Reserve (000's)	0
3. Percentage of Total Prepaid Expense	
a. Commission and Brokerage	45.0%
b. Taxes, Licenses and Fees	1.7%
c. 50% of Other Acquisition	1.0%
d. 50% of General Expense	2.0%
e. Total	49.7%
4. Dollar Total of Prepaid Expense (000's)	813
5. Subject to Investment (000's)	0
B. Delayed Remission of Premium (000's)	589
C. Expected Loss and Loss Adjustment Reserve	
1. Direct Earned Premium (000's)	1,638
2. Expected Loss Ratio	39.9%
3. Expected Incurred Loss and Loss Adjustment Expense	654
4. Reserve to Incurred Ratio	19.8%
5. Expected Loss and Loss Adjustment Reserve	129
D. Net Subject to Investment	0
E. Net Achievable Yield	3.36%
F. Investment Earnings on Net Subject to Investment	0
G. Ratio of Investment Earnings to Earned Premium	0.0%

Notes

- A.1 Source: 2018 Insurance Expense Exhibit, Part III, Line 34.01 Col 3
- A.2 Group Legal Expense Coverage premium is monthly pay with premium earned as it is written.
- A.3 Three-year average countrywide expenses from Insurance Expense Exhibit, Part III
- A.4 = A.3.e x A.1
- A.5 = max(A.2 – A.4, 0)
- B. = 36% x A.1. See Exhibit 11
- C.2 Equals Permissible Loss Ratio
- C.3 = C.1 x C.2
- C.4 See Exhibit 12
- C.5 = C.3 x C.4
- D. = A.5 – B + C.5
- E. Represents our corporate actuaries' best projection of rate of return on invested assets
- F. = D x E
- G. = F / A.1

Virginia Surety Company, Inc.

Group Legal Expense

Washington D.C.

Delayed Remission of Premium

	(1)	(2)	(3)	(4)	(5)	(6)
Calendar Year	Uncollected Premiums	Deferred Premiums	Ceded Reinsurance Premiums Payable	Net Unremitted Premium	Premiums Earned	Ratio
2016	78,211,931	0	1,574,201	76,637,730	259,725,627	29.5%
2017	86,384,866	0	1,513,149	84,871,717	183,381,057	46.3%
2018	147,343,524	0	1,429,771	145,913,753	454,569,208	32.1%
Selected Unremitted Premium						36.0%

Notes

- (1) Source: Annual Statement, Assets (Page 2), Line 15.1, Column 3
 (2) Source: Annual Statement, Assets (Page 2), Line 15.2, Column 3
 (3) Source: Annual Statement, Liabilities (Page 3), Line 12, Column 1
 (4) = (1) + (2) – (3)
 (5) Source: Annual Statement, Statement of Income (Page 4), Line 1, Column 1
 (6) = (4) / (5)

Virginia Surety Company, Inc.

Group Legal Expense

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Reserve to Incurred Ratio

	(1)	(2)	(3)
	Mean Loss & LAE		
	Reserve	Incurred Loss & LAE	
Calendar Year	(000s)	(000s)	Ratio
2016	194	709	27.4%
2017	118	541	21.7%
2018	64	627	10.2%
Selected Reserve to Incurred Ratio			19.8%

Notes

(1) Source: IEE Pt. III, Line 34.01, Columns 13, 15 & 17, average with prior year

(2) Source: IEE Pt. III, Line 34.01, Columns 7, 9 & 11

(3) = (1) / (2)

Virginia Surety Company, Inc.

Group Legal Expense

Washington D.C.

Federal Income Tax on Invested Assets

	(1) Investment Income 2016–2018	(2) Allocation	(3) Current Tax Rate	(4) Total Tax
a. Bonds - Taxable	2,542,824	2.1%	21.0%	0.4%
b. Bonds - Tax Exempt Municipal	17,106,354	14.2%	3.2%	0.4%
c. Bonds - Taxable Municipal	80,868,719	67.0%	21.0%	14.1%
d. Stocks	2,258,031	1.9%	8.5%	0.2%
e. All Other Investments	17,971,796	14.9%	21.0%	3.1%
f. Total	120,747,724	100.0%		18.2%

Notes

(1) Source: Annual Statement, Exhibit of Net Investment Income (Page 12), Column 2

a. Line 1

b. Line 1.1

c. Line 1.2

d. Lines 2.1 & 2.2

e. Lines 3, 4, 6, 8 & 9

(2) = (1) / (1.f)

(3) Under the Tax Reform Act of 1986, 15% of formerly tax-exempt income is now taxable

The effective tax rates for different incomes are

Ordinary Income 21.0%

Tax-Exempt Municipals 3.2% (= 15% x 21%)

Unaffiliated Stock Dividends 8.5% (= 21% x 40.5%)

(4) = (2) x (3)

Virginia Surety Company, Inc.

Group Legal Expense

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Surplus Ratio

	(1)	(2)	(3)
Calendar Year	Mean Surplus	Net Written Premium All Lines	Surplus Ratio
2016	386,816,898	45,901,553	0.12
2017	408,139,966	266,490,086	0.65
2018	399,862,457	819,366,187	2.05
Selected Surplus Ratio			0.94

Notes

- (1) Source: Annual Statement, Liabilities and Surplus (Page 3), Line 37, Cols. 1 & 2 average
 (2) Source: Annual Statement, Underwriting and Investment Exhibit, Part 1B (Page 8),
 Line 35, Column 6
 (3) = (2) / (1)

Virginia Surety Company, Inc.

Group Legal Expense

Washington D.C.

Rate Classification Relativities

Adjustment to Current Benefit Level Premiums

Benefit	Current Monthly Premium	Base Network Benefit Amount	Company Indicated Monthly Premium (Flat rate change across all benefits.)	Industry / Competitor Analysis Indicated Premium	Selected Monthly Premium	% Change	Note
<i>Consultation and Advice</i>							
Legal Helpline	\$1.39	N/A	N/A	N/A	\$0.00	-100.0%	Note 1
Legal Office Consultation	\$0.94	N/A	N/A	N/A	\$0.00	-100.0%	Note 1
Document Review	\$0.83	N/A	N/A	N/A	\$0.00	-100.0%	Note 1
Financial and Tax Helpline	\$0.34	N/A	N/A	N/A	\$0.00	-100.0%	Note 1
<i>Consumer Matters</i>							
Document Preparation							
Deeds	\$0.04	\$75	\$0.03	\$0.441	\$0.06	50.0%	
Promissory Notes	\$0.03	\$60	\$0.02	\$0.001	\$0.03	0.0%	
Installment Sales Agreements	\$0.03	\$60	\$0.02	\$0.000	\$0.03	0.0%	
Affidavits	\$0.03	\$60	\$0.02	\$0.018	\$0.03	0.0%	
Life Insurance Claims	\$1.11	\$2,000	\$0.86	\$0.050	\$0.05	-95.5%	
Consumer Disputes							
Correspondence	\$0.22	\$60	\$0.17	\$0.001	\$0.15	-31.8%	
Negotiated Settlement after complaint filed	\$0.20	\$700	\$0.15	\$0.050	\$0.14	-30.0%	Note 2
Trial Matters	\$0.19		\$0.15			-26.3%	Note 2
General Power of Attorney	\$0.44	\$60	\$0.34	\$0.944	\$0.53	20.5%	
Review & Preparation of Lease (Tenant only)	\$0.12	\$75	\$0.09	\$0.004	\$0.08	-33.3%	
<i>Wills and Estates</i>							
Basic Wills	\$1.70	\$90	\$1.32	\$1.084	\$1.43	-15.9%	
Living Wills / Health Care or Advance Directive	\$0.09	\$60	\$0.07	\$0.812	\$0.14	55.6%	Note 3
Health Care or Medical Power of Attorney	\$0.09	\$60	\$0.07	\$0.846	\$0.14	55.6%	Note 3
Codicils	\$0.09	N/A	N/A	N/A	\$0.00	N/A	Note 4
Living Trust Document	\$1.08	\$360	\$0.84	\$2.531	\$1.62	50.0%	
<i>Criminal Matters</i>							
Serious Traffic Matters	\$0.31	\$500	\$0.24	\$0.010	\$0.22	-29.0%	
Administrative Proceedings	\$0.07	\$300	\$0.05	\$0.001	\$0.05	-28.6%	
Misdemeanor Matters	\$0.28	\$2,000	\$0.22	\$0.561	\$0.28	100.0%	Note 5
DUI/DWI Defense		\$2,000			\$0.28		Note 5
<i>Residential</i>							
Purchase of Principal Residence	\$2.12	\$575	\$1.64	\$0.516	\$1.48	-30.2%	
Sale of Principal Residence	\$0.74	\$425	\$0.57	\$0.065	\$0.52	-29.7%	
Refinancing of Principal Residence	\$0.65	\$450	\$0.50	\$0.015	\$0.46	-29.2%	
Landlord/Tenant Disputes (Covered Member is Tenant)	\$0.41	\$2,000	\$0.32	\$0.270	\$0.37	-9.8%	

Virginia Surety Company, Inc.

Group Legal Expense

Washington D.C.

Rate Classification Relativities

Adjustment to Current Benefit Level Premiums

Benefit	Current Monthly Premium	Base Network Benefit Amount	Company Indicated Monthly Premium (Flat rate change across all benefits.)	Industry / Competitor Analysis Indicated Premium	Selected Monthly Premium	% Change	Note
<i>Financial Matters</i>							
Debt Collection Matters							
Correspondence	\$0.12	\$500	\$0.09	\$0.044	\$0.08	-33.3%	
Negotiated Settlement after complaint filed	\$0.26	\$1,000	\$0.20	\$0.023	\$0.13	-50.0%	Note 2
Trial Matters	\$0.18		\$0.14			-27.8%	Note 2
Bankruptcy	\$2.36	\$1,100	\$1.83	\$0.284	\$1.65	-30.1%	
Foreclosure	\$0.19	\$800	\$0.15	\$0.002	\$0.13	-31.6%	
Tax Audits	\$0.21	\$2,000	\$0.16	\$0.031	\$0.15	-28.6%	
<i>Family Law</i>							
Uncontested Separation, Divorce, Annulment							
Legal Separation	\$0.53	\$700	\$0.41	\$0.002	\$0.37	-30.2%	
Consent/Default Divorce	\$0.28	\$700	\$0.22	\$0.063	\$0.20	-28.6%	
Uncontested Divorce	\$1.25	\$700	\$0.97	\$0.216	\$0.88	-29.6%	
Contested Divorce	\$0.21	\$2,000	\$0.16	\$1.300	\$0.68	221.4%	Note 5
Contested Divorce Post-Divorce Proceedings		\$2,000			\$0.68	221.4%	Note 5
Name Change	\$0.08	\$300	\$0.06	\$0.046	\$0.07	-12.5%	
Guardianship/Conservatorship - Uncontested	\$0.07	\$425	\$0.05	\$0.009	\$0.05	-28.6%	
Uncontested Adoptions							
Governmental Agency Adoptions	\$0.11	\$425	\$0.09	\$0.005	\$0.08	-27.3%	
Stepparent Adoptions	\$0.17	\$425	\$0.13	\$0.016	\$0.12	-29.4%	
Juvenile Court Proceedings	\$0.21	\$550	\$0.16	\$0.008	\$0.15	-28.6%	
<i>Civil Litigation Matters</i>	\$1.11	\$2,000	\$0.86	\$0.026	\$0.78	-29.7%	

Note 1: On a go forward basis, these benefits will be provided as a customer service rather than as claim generating legal matters. The associated cost will be absorbed as a program expense. We contemplate the premium reduction in this exhibit and are removing them from the rate manual.

Note 2: These benefits are being combined into a single benefit. The new combined benefit premium is being reduced over the previous sum of the premium of the two separate benefits.

Note 3: Currently Included as a single benefit. We are separating into two separate benefits with this filing, each with its own premium.

Note 4: The Codicils benefit is being combined with the Basic Wills benefit. The revised premium for the Basic Will benefit contemplates this additional coverage.

Note 5: Currently Included as a single benefit. With this filing we are splitting into two separate benefits. The premium is being increased as indicated with the indicated premium split 50/50 between the two benefits.

Virginia Surety Company, Inc.

Group Legal Expense

Washington D.C.

Rate Classification Relativities

New Benefits with Benefit Level Premiums

	Base Network Benefit Amount	Industry / Competitor Analysis Indicated Monthly Premium	Selected Monthly Premium	Note
Virginia Surety Company, Inc.				
<i>Miscellaneous Law Office Services</i>				
Legal Services for any non-excluded legal matter not specifically covered in the Schedule of Benefits	\$350	N/A	\$0.14	Note 1
<i>Consumer Matters</i>				
Personal Property Protection	\$350	\$0.025	\$0.05	Note 2
Natural Disaster Insurance Claim	\$1,000	\$0.158	\$0.16	
Consumer Fraud Litigation	\$1,000	\$0.011	\$0.05	
State Consumer Law Administrative Proceeding	\$1,000	N/A	\$0.05	Note 3
Small Claims Court Representation (Network Limit under \$1000)	\$120	\$0.003	\$0.05	
Small Claims Court Representation (Network Limits \$1000+)	\$1,000	\$0.015	\$0.05	
Mail Order or Internet Purchase Dispute	\$350	\$0.011	\$0.05	
Bank Fee Dispute	\$350	\$0.011	\$0.05	
First-time Vehicle Buyer	\$350	\$0.011	\$0.05	
Vehicle Repair and Lemon Law Litigation	\$350	\$0.011	\$0.05	
Cell Phone Contract Dispute				
Contract Review	\$350	\$0.011	\$0.05	
Representation	\$350	\$0.011	\$0.05	
Warranty Dispute				
Warranty Review	\$350	\$0.011	\$0.05	
Representation	\$350	\$0.011	\$0.05	
Healthcare Coverage Dispute and Records				
Office Consultation	\$350	\$0.011	\$0.05	
Review of Policy	\$350	\$0.011	\$0.05	
Review/Preparation of Documents	\$350	\$0.043	\$0.05	
Identity Theft Defense	\$1,000	\$0.013	\$0.05	
Document Preparation				
Time Share Agreement	\$60	N/A	\$0.08	Note 18
<i>Estate Planning</i>				
Complex Will or Codicil	\$360	\$1.899	\$1.90	
Probate of Small Estate (Network Limit under \$1000)	\$120	\$0.019	\$0.05	
Probate of Small Estate (Network Limits \$1000+)	\$1,000	\$0.160	\$0.16	
Medicare / Medicaid / Social Security Proceeding	\$1,000	\$0.011	\$0.05	
Special Needs Trust	\$1,200	N/A	\$0.81	Note 4
Social Security Administration Benefit Appeal	\$1,000	\$0.011	\$0.05	
<i>Elder Matters</i>				
Elder Parent (Includes all benefits listed below)	\$90	\$0.003	\$0.05	
Will Preparation	\$90			
Living Will/Health Care or Advanced Directive	\$60			
Durable Financial Power of Attorney	\$60			
Health Care or Medical Power of Attorney	\$60			
Elder Law Matters	\$500	\$0.090	\$0.09	
<i>Residential Matters</i>				
First Time Home-Buyer	\$500	\$0.015	\$0.05	
Vacation or Investment Home Sale/Purchase/Refinancing	\$500	\$0.077	\$0.08	
Home Equity Loan Assistance	\$420	\$0.008	\$0.05	
Property Tax Assessment	\$420	\$0.026	\$0.05	
Property Tax Dispute	\$420	\$0.003	\$0.05	
Tenant Security Deposit Dispute	\$1,000	\$0.026	\$0.05	
Landlord Dispute with Tenant (Covered Member is Landlord)				
Pre-litigation activities	\$700	\$0.017	\$0.04	Note 5
Trial Representation	\$700		\$0.01	Note 5
Security Deposit Dispute with Tenant	\$700	\$0.017	\$0.05	
Construction Defect Dispute	\$500	\$0.015	\$0.05	
Construction/Renovation/Home Repair Dispute	\$1,050	\$0.053	\$0.05	
Neighbor Dispute	\$900	\$0.034	\$0.05	
Noise Reduction Dispute	\$900	\$0.008	\$0.05	
Boundary or Title Dispute	\$700	\$0.006	\$0.05	
Zoning Application	\$700	\$0.003	\$0.05	
Real Estate Dispute	\$2,000	\$0.055	\$0.06	
HOA/COA/POA/Co-Op Board Dispute or Defense	\$700	\$0.096	\$0.10	

Virginia Surety Company, Inc.

Group Legal Expense

Washington D.C.

Rate Classification Relativities

New Benefits with Benefit Level Premiums

Virginia Surety Company, Inc.	Base Network Benefit Amount	Industry / Competitor Analysis Indicated Monthly Premium	Selected Monthly Premium	Note
<i>Financial Matters</i>				
Student Loan Refinancing/Collection Defense	\$490	\$0.041	\$0.05	
Tax Defense	\$1,000	\$0.013	\$0.05	
Garnishment Defense	\$1,000	\$0.077	\$0.08	
Repossession Defense	\$1,000	\$0.028	\$0.05	
<i>Family Matters</i>				
Prenuptial Agreement	\$800	\$0.188	\$0.19	
Guardianship/Conservatorship - Contested	\$900	N/A	\$0.11	Note 6
Governmental Agency Adoption - Contested	\$900	N/A	\$0.17	Note 6
Non-Government Agency Adoption - Uncontested	\$425	N/A	\$0.08	Note 7
Non-Government Agency Adoption - Contested	\$900	N/A	\$0.17	Note 7
Private Adoption	\$900	\$0.162	\$0.16	
Stepparent Adoption - Contested	\$900	N/A	\$0.25	Note 6
International Adoption	\$700	\$0.036	\$0.05	
Grandparent Visitation or Custody - Uncontested	\$700	\$0.051	\$0.05	
Grandparent Visitation or Custody - Contested	\$2,000	N/A	\$0.14	Note 8
Grandparent/Family Member Adoption and Legitimization - Uncontested	\$425	\$0.011	\$0.05	
Grandparent/Family Member Adoption and Legitimization - Contested	\$900	N/A	\$0.11	Note 8
Guardianship of Grandchild/Family Member - Uncontested	\$425	N/A	\$0.05	Note 17
Guardianship of Grandchild/Family Member - Contested	\$900	N/A	\$0.11	Note 6
Child Custody/Support Proceeding Involving Never-Married Parents	\$2,000	\$0.051	\$0.05	
Parental Responsibility Matters	\$700	\$0.018	\$0.05	
Paternity Proceeding	\$700	\$0.017	\$0.05	
Surrogacy Representation	\$2,000	\$0.008	\$0.05	
Stalking Victim Assistance	\$700	N/A	\$0.07	Note 9
Protection from Domestic Violence	\$700	\$0.022	\$0.05	
School Expulsion Proceeding	\$500	N/A	\$0.05	Note 10
School Harassment Proceeding	\$500	\$0.003	\$0.05	
School Code of Conduct/Ethics Proceeding	\$500	N/A	\$0.05	Note 10
School Administrative Proceeding	\$500	N/A	\$0.05	Note 10
Special Needs Education Representation	\$700	N/A	\$0.07	Note 11
Immigration Assistance	\$700	\$0.933	\$0.93	
<i>Civil Matters</i>				
Incompetency Defense	\$2,000	\$0.051	\$0.05	
Administrative Hearing Representation	\$1,500	\$0.002	\$0.05	
Property Owner Gun Rights Civil Defense	\$2,000	\$0.001	\$0.05	
Mediation	\$1,000	\$0.051	\$0.05	
<i>Criminal Defense</i>				
Traffic Ticket	\$250	\$0.262	\$0.26	
Bench or Arrest Warrant	\$2,000	\$1.004	\$0.05	Note 12
Habeas Corpus Proceeding	\$1,000	\$1.004	\$0.05	Note 12
<i>Felony Defense</i>				
Employment Related	\$2,000	\$0.512	\$0.51	
Non-employment Related	\$2,000	N/A	\$0.21	Note 13
Medicaid/Medicare Asset Transfer Defense	\$2,000	\$0.022	\$0.05	
Restraining Order Assistance	\$500	\$0.035	\$0.05	
Property Owner Gun Rights Criminal Defense	\$2,000	N/A	\$0.05	Note 14
Adjustments to Probation or Parole	\$1,000	\$0.006	\$0.05	
<i>Small Business Owner Advice and Representation</i>				
Initial Legal Consultation	\$150	\$9.591	\$9.59	
Review of Simple Document	\$150	\$9.591	\$9.59	
Document Preparation				
Simple Deed	\$110	\$1.407	\$1.41	
Promissory Note	\$110	\$1.407	\$1.41	
Consumer Dispute Correspondence	\$110	\$0.563	\$0.56	
Installment Sales Agreement	\$110	\$0.282	\$0.28	
General Power of Attorney	\$110	\$0.563	\$0.56	
Lease Agreement - Tenant Only	\$450	\$1.151	\$1.15	
Simple Affidavit	\$110	\$1.407	\$1.41	

Virginia Surety Company, Inc.

Group Legal Expense

Washington D.C.

Rate Classification Relativities

New Benefits with Benefit Level Premiums

	Base Network Benefit Amount	Industry / Competitor Analysis Indicated Monthly Premium	Selected Monthly Premium	Note
Virginia Surety Company, Inc.				
Customer Dispute	\$450	\$2.302	\$2.30	
Patent/Trademark/Copyright Advice and Filing	\$500	\$0.004	\$0.05	
Incorporation Advice and Filing	\$500	\$0.001	\$0.05	
Miscellaneous Small Business Owner Legal Services	\$750	N/A	\$0.29	Note 15
Major Trial Supplement				
Major Trial	\$100,000	\$1.385	\$1.39	Note 16

Note 1: This benefit, if included as a covered legal matter, provides for legal services for any legal matter not listed as a covered service or excluded from coverage. Because of the broad range of legal matters this could encompass, we have assumed experience similar to our current Civil Litigation Matters benefit. The premium for this coverage was developed as Proposed Civil Litigation Matters Premium / Civil Litigation Matters Base Network Benefit Amount * Legal Services Base Network Benefit amount.

Note 2: If included as a covered legal matter, Personal Property Protection includes legal counseling on pursuing or defending small claims actions in addition to legal counseling on other Personal Property related issues. Due to this similarity to our proposed Small Claims Court Representation (Network Limit under \$1,000) benefit, we have assumed a similar indicated monthly premium, adjusted for the different benefit levels, as follows: Small Claims Court Indicated Premium / Small Claims Court Limit * Personal Property Protection Limit (\$0.003 / \$120 * \$1,000 = \$0.025).

Note 3: This benefit, if included as a covered legal matter, provides for services related to representation in an administrative proceeding before a state agency for a matter related to consumer fraud. We have assumed experience similar to the proposed Consumer Fraud Litigation benefit and selected a similar premium.

Note 4: Please see Exhibit 15c - Derivation of Special Needs Trust Premium

Note 5: Industry/Competitor Analysis has these coverages combined into one benefit. We desire to have the option of offering each as a separate benefit. The selected premium of \$0.05 is split 75/25 between the two benefits because it is not expected that all legal actions resulting in Pre-Litigation Activities will go as far as trial.

Note 6: These benefits, if included as covered legal matters, provide for services related to guardianship or adoption when there are significant disputed issues (contested). We have assumed these will have experience similar to our current Uncontested (no significant disputed issues) versions. To arrive at a premium for these benefits, we have selected the Uncontested proposed premium, divided by the Uncontested Network Benefit Limit and then multiplied by the desired Contested Network Benefit Limit.

Note 7: These benefits, if included as covered legal matters, will provide for legal representation in non-governmental agency adoptions. We have assumed the same experience as the corresponding Governmental Agency Adoptions and are charging the same premiums.

Note 8: These benefits, if included as covered legal matters, cover legal representation related to visitation, custody and/or adoption related to Grandparents or other family members. We have assumed the same experience as the proposed Uncontested versions of these benefits, adjusting for the higher Base Network Benefit Amount.

Note 9: This benefit, if included as a covered legal matter, provides for legal services, including temporary restraining orders, for victims of stalking incidents. We have assumed that experience will be similar to the proposed Restraining Order Assistance benefit with the selected premium adjusted for higher desired limits as follows: Restraining Order Assistance Selected Premium / Restraining Order Benefit Limit * Stalking Victim Assistance Limit (\$0.05 / \$500 * \$700 = \$0.07).

Note 10: These benefits, if included as covered legal matters, provide for legal services related to the covered member's dependent child involvement in one of these proceedings. We have assumed that experience will be similar to the proposed School Harassment Proceeding benefit and are charging the same premiums.

Note 11: This benefit provides for services related to the special needs education of the covered members dependent child, if included as a covered legal matter. As this is a new benefit in the market and different from our other benefits offered, there is no industry or competitor experience for us to rely on. To guide the derivation of the premium for this coverage, we have relied on U.S. Department of Education statistics related to the Individuals with Disabilities Education Act. Full rate development and explanation can be found in Exhibit 15d - Derivation of Special Needs Education Representation Rate.

Note 12: The indicated premium for these coverage is based on competitor filings. Feedback from industry partners indicate, however, that these benefits experience far less usage than assumed in the competitor rate filings. We have, therefore, elected to charge our lowest premium until we receive experience indicating that a higher rate is needed.

Note 13: This benefit, if included as a covered legal matter, provides for defense of a covered member in connection with criminal felony charges unrelated to the covered member's employment. As there is no industry data or competitor information related to this benefit, we have relied on Census Bureau and Bureau of Justice Statistics as well as a competitor's filed frequency for Employment Related Felony Defense (Nationwide filing referenced in Actuarial Memorandum). Using this information, we have derived our proposed premium of \$0.21 for this benefit. A full explanation as well as the rate derivation can be found in Exhibit 15e.

Note 14: If included as a covered legal matter, this benefit will provide for legal services related to charges arising from the covered member's use or possession of a legally owned and possessed firearm while on the covered member's residential property. There is no industry or competitor information related to Property Owner Gun Rights Criminal Defense. We do, however, have industry data related to Property Owner Gun Rights Civil Defense. We have assumed, until the program generates experience indicating otherwise, that the experience for the two benefits will be similar. Therefore, we have selected the same rate for Criminal Defense as we have for Civil Defense.

Note 15: This benefit, if included as a covered legal matter, provides for legal services for any small business legal matter not listed as a covered service or excluded from coverage. Because of the broad range of legal matters this could encompass, we have assumed experience similar to our current Civil Litigation Matters benefit. The premium for this coverage was developed as Proposed Civil Litigation Matters Premium / Civil Litigation Matters Base Network Benefit Amount * Small Business Legal Services Base Network Benefit amount.

Note 16: This benefit, if included as a covered legal matter, provides for representation in any non-excluded trial matter in addition to any coverage shown in the scheduled list of covered legal matters. We have assumed that experience for this benefit will be similar to that of the proposed Small Claims Court Representation, adjusted for the higher Major Trial Supplement limit.

Note 17: This benefit, if included as a covered legal matter, provides for legal services related to Uncontested Guardianship of a Grandchild or Family Member. We have assumed the same proposed rate as the general Guardianship/Conservatorship - Uncontested rate show in Exhibit 15a.

Note 18: This benefit, if included as a covered legal matter, provides for document preparation services related to Time Share Agreements. We have assumed the same proposed rate as Review & Preparation of Lease (Tenant only) from Exhibit 15a.

Virginia Surety Company, Inc.

Group Legal Expense

Washington D.C.

New Benefits - Derivation of Special Needs Trust Rate

(1)	Proposed Living Trust Monthly Premium	\$1.62
(2)	Expected Loss Ratio	39.1%
(3)	Loss Cost =(1) * (2)	\$0.63
(4)	Living Trust Fee/Limit	\$360
(5)	Expected Living Trust Frequency =(3) / (4)	0.18%
(6)	Selected Special Needs Trust Frequency <i>See explanation below.</i>	0.03%
(7)	Special Needs Trust Fee/Limit	\$1,200
(8)	Special Needs Trust Loss Cost =(6) * (7)	\$0.32
(9)	Expected Loss Ratio	39.1%
(10)	Special Needs Trust Monthly Premium =(8) / (9)	\$0.81

We believe Special Needs Trusts are much less common than Living Trusts as they would only be needed in the case of persons with severe disabilities. We have, therefore, assumed a lower frequency for Special Needs Trusts. Our frequency assumption reduction was guided by Census Bureau's "Americans With Disabilities: 2010" report, which stated that approximately 14.8% of the population aged 15 and older have a severe disability.

Virginia Surety Company, Inc.

Group Legal Expense

Washington D.C.

New Benefits - Derivation of Special Needs Education Representation Rate

(1)	Number of children and students served under IDEA, Part B, 2016-2017	6,904,232 *
(2)	Number of Due Process Complaints, 2016-2017	18,490 **
(3)	Ratio of Complaints to Population =(2) / (1)	0.00268
(4)	Number of Due Process Complaints Withdrawn, 2016-2017	11,854 ***
(5)	Ratio of Complaints to Populaton after adjusting for withdrawals =[(2) - (4)] / (1)	0.096%
(6)	Assumed Annual Frequency for Special Need Education Representation =(5) * 0.5 [Since (1), (2) and (4) are two year totals]	0.048%
(7)	Special Needs Education Representation Fee/Limit	\$700
(8)	Special Needs Education Representation Annual Loss Cost =(6) * (7)	\$0.34
(9)	Expected Loss Ratio	39.1%
(10)	Special Needs Education Representation Annual Rate =(8) / (9)	\$0.86
(11)	Special Needs Education Representation Monthly Rate =(10) / 12	\$0.07

* Source: U.S. D.O.E IDEA Section 618 Statistics Tables Part B, Ages 3 - 21, 2016-2017

** Source: U.S. D.O.E IDEA Section 618 Statistics Tables Part B Dispute Resolution Table 3, Ages 3 - 21, 2016-2017, Sum of Complaints Fully Adjudicated, Complaints Pending and Complaints Withdrawn

*** Source: U.S. D.O.E IDEA Section 618 Statistics Tables Part B Dispute Resolution Table 3, Ages 3 - 21, 2016-2017, Sum of Complaints Fully Adjudicated, Complaints Pending and Complaints Withdrawn

Special Needs Education Representation is a new benefit to the market. As a result, there is no industry or competitor information to use in deriving the premium for this coverage.

In order to derive a rate, we have relied on U.S. Department of Education statistics related to the Individuals with Disabilities Education Act (IDEA). From these statistics, we were able to determine that, after adjusting for complaint withdrawals, that there was a ratio of complaints to special needs population of approximately 0.096% over the two year period 2016-2017, or 0.048% annualized. We have assumed this ratio is the most likely proxy for the frequency associated with the Special Needs Education Representation benefit.

We next applied this assumed annual frequency to our base network benefit limit of \$700 to arrive at an annual loss cost of \$0.34. We then applied our expected loss ratio and finally divided by 12 to arrive at our monthly premium of \$0.07 for this coverage.

Virginia Surety Company, Inc.

Group Legal Expense

Washington D.C.

New Benefits - Derivation of Non-Employment Related Felony Defense Coverage

(1)	Employment Related Felony Defense Annual Frequency	0.12% *
(2)	Estimated Number of Felony Convictions 2004	1,078,920 **
(3)	US Population 2004	293,656,842 ***
(4)	Estimated % of Population Convicted of Felony =(2) / (3)	0.37%
(5)	% of Felony Convictions by Category	****
(5a)	Violent	18% Assume no claims
(5b)	Property	29%
(5c)	Drug	34% Assume no claims
(5d)	Weapon	3% Assume no claims
(5e)	All Other	17%
(6)	% of Population Convicted of Felony For Which a Claim is Likely =(4) * [(5b) + (5e)]	0.17%
(7)	Assumed Non-Employment Felony Defense Annual Frequency =(6) - (1)	0.05%
(8)	Non-Employment Felony Defense Fee/Limit	\$2,000
(9)	Non-Employment Felony Defense Annual Loss Cost =(7) * (8)	\$0.9802
(10)	Expected Loss Ratio	39.1%
(11)	Non-Employment Felony Defense Annual Rate =(9) / (10)	\$2.51
(12)	Non-Employment Felony Defense Monthly Rate =(11) / 12	\$0.21

* From competitor (Nationwide) rate filing.

** Source: Bureau of Justice Statistics Bulletin - Felony Sentences in State Courts, 2004

*** Source: U.S. Census Bureau Statistical Abstract of the U.S. 2006

**** Source: Bureau of Justice Statistics Bulletin - Felony Sentences in State Courts, 2004

Felony Defense for Non-Employment related crimes is a new benefit to the market. As a result, there is no industry or competitor experience from which to derive a rate. We have, therefore, relied on statistics from the Bureau of Justice related to felony convictions and the U.S. Census Bureau for population information. We have also relied on a competitor's (Nationwide) rate filing for the rating frequency related to Felony Defense for Employment related crimes.

Based on the statistical data from the Bureau of Justice Statistics and the U.S. Census Bureau, we have estimated that approximately 0.37% of the U.S. population is convicted of a felony. Of these felony convictions, approximately 55% are violent, drug or weapon crimes. We have assumed that crimes of this nature are not likely to result in a claim under this coverage due to their egregious nature. Adjusting for this, we are left with approximately 0.17% of the U.S. population convicted of a felony for which a claim is likely. We have assumed that this percentage is the best approximation for frequency for Felony Defense coverage both employment and non-employment related.

Of this 0.17%, we have already assumed that 0.12% is employment related based on our competitor's rate filing. This leaves 0.05% that we are assuming is non-employment related.

Applying our base network benefit limit of \$2,000 to this 0.05%, we arrive at an annual loss cost of \$0.9802. Adjusting for our expected loss ratio and then dividing by 12 gives our Non-Employment Felony Defense Monthly Rate of \$0.21.

Virginia Surety Company, Inc.

Group Legal Expense

Washington D.C.

Rate Classification Relativities

Rating Factors - Network Benefit Adjustment Factors

Benefit Multiplier	Factor	Calculation
25%	0.25	Selected based on factors from 50% to 200%
50%	0.50	Based on competitor filing
75%	0.75	Based on competitor filing
100%	1.00	Based on competitor filing
125%	1.25	Based on competitor filing
150%	1.50	Based on competitor filing
175%	1.75	Based on competitor filing
200%	2.00	Based on competitor filing
225%	2.23	Based on competitor filing
250%	2.45	Based on competitor filing
275%	2.62	Based on competitor filing
300%	2.75	Based on competitor filing
325%	3.01	Linear Interpolation: $\{[(325\%-275\%)*(2.75-2.62)/(300\%-275\%)]\}+2.75$
350%	3.14	Linear Interpolation: $\{[(350\%-275\%)*(2.75-2.62)/(300\%-275\%)]\}+2.75$
375%	3.27	Linear Interpolation: $\{[(375\%-275\%)*(2.75-2.62)/(300\%-275\%)]\}+2.75$
400%	3.40	Linear Interpolation: $\{[(400\%-275\%)*(2.75-2.62)/(300\%-275\%)]\}+2.75$
425%	3.53	Linear Interpolation: $\{[(425\%-275\%)*(2.75-2.62)/(300\%-275\%)]\}+2.75$
450%	3.66	Linear Interpolation: $\{[(450\%-275\%)*(2.75-2.62)/(300\%-275\%)]\}+2.75$
475%	3.79	Linear Interpolation: $\{[(475\%-275\%)*(2.75-2.62)/(300\%-275\%)]\}+2.75$
500%	3.92	Linear Interpolation: $\{[(500\%-275\%)*(2.75-2.62)/(300\%-275\%)]\}+2.75$

*There is no rate impact to existing policyholders from the introduction of these factors.

As noted, these proposed relativities are based on the Nationwide filing referenced in our Actuarial Memorandum.

Virginia Surety Company, Inc.

Group Legal Expense

Washington D.C.

Rate Classification Relativities

Individual / Family / Composite Rating Factors

Individual / Family / Composite	Competitor Factor	Competitor Factor Rebased to Composite	Proposed VSC Factor
Individual	1.000	0.85	0.85
Individual + Spouse	1.250	1.06	1.06
Family	1.300	1.10	1.10
Composite**	1.180	1.00	1.00

*There is no rate impact to existing policyholders from the introduction of these factors.

**Composite is a single rate regardless of Individual, +Spouse or Family coverage.

As noted, these proposed relativities are based on the Nationwide filing referenced in our Actuarial Memorandum.

Virginia Surety Company, Inc.

Group Legal Expense

Washington D.C.

Rate Classification Relativities

Rating Factors - Waiting Period Rating Factors

Waiting Period in Months	Factor	Calculation
0	1.000	Based on competitor filing
1	0.983	Linear Interpolation: $\{[(1-0) * [(0.95-1.00)/(3-0)]] + 1.00$
2	0.967	Linear Interpolation: $\{[(2-0) * [(0.95-1.00)/(3-0)]] + 1.00$
3	0.950	Based on competitor filing
4	0.917	Linear Interpolation: $\{[(4-3) * [(0.85-0.95)/(6-3)]] + 0.95$
5	0.883	Linear Interpolation: $\{[(5-3) * [(0.85-0.95)/(6-3)]] + 0.95$
6	0.850	Based on competitor filing

*There is no rate impact to existing policyholders from the introduction of these factors.

As noted, these proposed relativities are based on the Nationwide filing referenced in our Actuarial Memorandum.

Virginia Surety Company, Inc.

Group Legal Expense

Washington D.C.

Rate Classification Relativities

Rating Factors - Group Size / Participation Rate Rating Factors

Current Factors

Group Size	Participation Rate	Rating Factor
< 100	Any	1.05
> 1000	Any	0.95

Proposed Factors

Group Sizes	Participation Rate			
	0-9%	10-49%	50-99%	Blanket
1 -2000	1.00	0.95	0.90	0.75
2001 -10000	0.92	0.87	0.83	0.70
10,001+	0.83	0.79	0.75	0.65

The current Group Size rating factors were part of our Schedule Rating Plan. We are removing this option from our Schedule Rating Plan and creating Rate Classification Relativities instead.

The rate impact to existing policyholders with this change is -3.16%.

As noted, these proposed relativities are based on the Nationwide filing referenced in our Actuarial Memorandum.

Virginia Surety Company, Inc.

Group Legal Expense

Washington D.C.

Rate Classification Relativities

Rating Factors - New / Renewal / Takeover
Rating Factors

New / Renewal	Factor
New	1.000
Renewal	0.975
Takeover	0.975

*There is no rate impact to existing policyholders from the introduction of these factors.

As noted, these proposed relativities are based on the Nationwide filing referenced in our Actuarial Memorandum.

Virginia Surety Company, Inc.

Group Legal Expense

Washington D.C.

Rate Classification Relativities

Rating Factors - Multi-Year Rate Guarantee Rating Factors

# of Years	Factor
1	1.000
2	1.012
3	1.024
4	1.036
5	1.048

When rates are guaranteed for more than 1 year, there is a risk that rates will become inadequate over time with no recourse for addressing that inadequacy. In order to quantify this potential inadequacy and derive appropriate rating factors, we reviewed the Company's Loss Cost Trend on a Countrywide basis for current Group Legal Expense program. Based on this trend analysis (shown below), we have selected the above rating factors. The rating factor for a 2 year guarantee was based on the loss trend for AY 2017, 3 year was based on AY 2016 and so forth. We selected the results from the 16-quarter regression fit for this factor development due to the long term nature of the rate guarantee's.

			(3) = (1) / (2)					
			(1) (2)					
			Non-Catastrophe					
Calendar Quarter	Paid Losses	Earned Exposures	Average Loss Cost	Rolling 4-Quarter Average Loss Cost	16-quarter Regression Fit	12-quarter Regression Fit	8-quarter Regression Fit	4-quarter Regression Fit
2014-1	266,218	47,264	5.63					
2014-2	209,285	41,062	5.10					
2014-3	208,003	38,563	5.39					
2014-4	195,262	38,727	5.04	5.29				
2015-1	205,385	41,713	4.92	5.11	5.13			
2015-2	201,470	38,979	5.17	5.13	5.14			
2015-3	220,115	37,295	5.90	5.26	5.16			
2015-4	182,987	34,184	5.35	5.34	5.17			
2016-1	203,445	35,778	5.69	5.53	5.19	5.51		
2016-2	171,752	31,122	5.52	5.61	5.20	5.48		
2016-3	176,970	29,966	5.91	5.62	5.22	5.46		
2016-4	159,150	28,204	5.64	5.69	5.24	5.44		
2017-1	165,228	31,742	5.21	5.57	5.25	5.42	5.52	
2017-2	163,519	28,915	5.66	5.60	5.27	5.39	5.48	
2017-3	147,496	28,276	5.22	5.43	5.28	5.37	5.43	
2017-4	163,376	24,632	6.63	5.68	5.30	5.35	5.39	
2018-1	151,736	27,236	5.57	5.77	5.31	5.33	5.35	5.55
2018-2	126,276	26,160	4.83	5.56	5.33	5.31	5.30	5.35
2018-3	119,359	26,143	4.57	5.40	5.34	5.29	5.26	5.19
2018-4	167,297	30,264	5.53	5.12	5.36	5.27	5.22	4.93

(4)	Quarterly Frequency Trend	0.3%	-0.4%	-0.8%	-5.1%
(5)	Annual Frequency Trend	1.2%	-1.6%	-3.2%	-18.9%

= [1 + (4)]⁴ - 1

(6) Selected Historical Loss Trend 1.2%

			(8) = [1 + (6)] ^ { (7 @ 2018) - (7) } / 365.25	
			(7)	
Accident Year	Average Loss Date	Past-to-Current Loss Trend Factor		
2014	7/1/2014	1.048		
2015	7/1/2015	1.036		
2016	7/1/2016	1.024		
2017	7/1/2017	1.012		
2018	7/1/2018	1.000		

Virginia Surety Company, Inc.

Group Legal Expense

Washington D.C.

Rate Classification Relativities

Rating Factors - Experience Modification Factor

When up to 3 years of group experience is available, the Experience Modification Factor allows for the plan premium for the group members to be adjusted on a prospective basis. This factor may be calculated using group experience under a policy written by Virginia Surety Company, Inc., or using group experience under a policy written by another carrier.

This Experience Modification Factor is calculated as follows:

- (1) Sum of Annual Incurred Losses Up to 3 Years Prior
- (2) Sum of Annual Premiums Up to 3 Years Prior
- (3) Total Loss Ratio = (1) / (2)

- (4) Sum of Incurred Claim Counts Up to 3 Years Prior
- (5) Credibility Factor = $\text{MIN}\{\text{SQRT}[(4) / 400], 1\}$

- (6) Experience Modification Factor = $\{100\% * [1 - (5)]\} + [(5) * (3)]$

The application of the Experience Modification Factor is Optional and it may only be applied upon policy inception or upon policy renewal.

Virginia Surety Company, Inc.

Group Legal Expense

Washington D.C.

Rate Classification Relativities

Schedule Rating Plan

Criteria	Credit/Debit	Note
Marketing Cost (on site enrollment expense, multiple brokers, customized materials)	-5% to +5%	Existing Criteria
Marketing Methods (telemarketing, direct mail, inserts, infomercial, electronic media, storefront)	-10% to +10%	Existing Criteria
Group Demographics not otherwise rated for (age, group/worksites locations)	-5% to +5%	Existing Criteria
Program Management (reporting, increased automation, claims, customer service)	-5% to +5%	Existing Criteria
Mix of Services In and Out of Network 100% In = Max Credit 50% In = No Credit 0% In = Max Debit	-10% to +10%	Newly Added Criteria
Producer Risk Sharing Agreements Full Producer Fees at risk = Max Credit Partial profit share with Producer = Credit ratio equivalent to profit share ratio (50/50 share = -5% Credit) No producer risk sharing = No Credit Producer can place risk with multiple carriers = Max Debit	-10% to +10%	Newly Added Criteria
Underwriter's Discretion	-25% to +25%	Newly Added Criteria

The maximum credit/debit that can be applied is +/- 25%

Virginia Surety Company, Inc.

Group Legal Expense

Washington D.C.

Derivation of Permissible Loss Ratio

	Calendar Year	A. COUNTRYWIDE										3 Year Average	5 Year Average	Selected
		2014		2015		2016		2017		2018				
		\$ (000s)	%	\$ (000s)	%	\$ (000s)	%	\$ (000s)	%	\$ (000s)	%			
(1)	Direct Written Premium (Col. 1)	2,498	100.0%	2,219	100.0%	1,843	100.0%	1,680	100.0%	1,638	100.0%			
(2)	Direct Earned Premium (Col. 3)	2,498	100.0%	2,219	100.0%	1,843	100.0%	1,680	100.0%	1,638	100.0%			
(3)	Commissions and Brokerage (W) (Col. 11)	1,012	40.5%	914	41.2%	794	43.1%	811	48.3%	711	43.4%	44.9%	42.9%	45.0%
(4)	Other Acquisition Incurred (W) (Col. 27)	40	1.6%	38	1.7%	41	2.2%	32	1.9%	26	1.6%	1.9%	1.8%	1.9%
(5)	General Expenses Incurred (E) (Col. 29)	74	3.0%	71	3.2%	75	4.1%	59	3.5%	49	3.0%	3.5%	3.3%	4.0%
(6)	Taxes, Licenses and Fees (W) (Col. 12)	24	1.0%	0	0.0%	18	1.0%	17	1.0%	12	0.7%	0.9%	0.7%	2.5%
(7)	Total Expenses = (3) + (4) + (5) + (6)													53.4%
(8)	Profit & Contingencies (Exhibit 9)													7.5%
(9)	Permissible Loss & LAE Ratio = 1 – (7) – (8)													39.1%

(13) Fixed Expenses 5.9%
= (4) + (5)

(14) Variable Expenses 55.0%
= (3) + (6) + (8)

Notes:

A. Source: Insurance Expense Exhibit, Part III, Line 34.01

Virginia Surety Company, Inc.

Group Legal Expense

Washington D.C.

DC & Countrywide Experience for Last 5 Years

Washington D.C.

Calendar Year	Written Premium	Number of Policyholders @ 12/31/CY	Rate Action
2014	\$ 13,113.01	65	-
2015	\$ 10,500.69	57	-
2016	\$ 10,654.86	60	-
2017	\$ 15,605.58	72	-
2018	\$ 14,783.46	73	-

Countrywide

Calendar Year	Written Premium	Number of Policyholders @ 12/31/CY	Rate Action
2014	\$ 2,402,634.27	13,684	-
2015	\$ 2,114,360.48	10,024	-
2016	\$ 1,774,019.35	8,595	-
2017	\$ 1,629,605.01	8,663	-
2018	\$ 1,581,599.79	8,413	-

(1) Notes

No rate changes over the last 5 years

Virginia Surety Company, Inc.

Group Legal Expense

Washington D.C.

DC & Countrywide Experience for Last 5 Years

Washington D.C.

Calendar Year	Written Premium	Number of Policyholders @ 12/31/CY	Rate Action
2014	\$ 13,113.01	65	-
2015	\$ 10,500.69	57	-
2016	\$ 10,654.86	60	-
2017	\$ 15,605.58	72	-
2018	\$ 14,783.46	73	-

Countrywide

Calendar Year	Written Premium	Number of Policyholders @ 12/31/CY	Rate Action
2014	\$ 2,402,634.27	13,684	-
2015	\$ 2,114,360.48	10,024	-
2016	\$ 1,774,019.35	8,595	-
2017	\$ 1,629,605.01	8,663	-
2018	\$ 1,581,599.79	8,413	-

(1) Notes

No rate changes over the last 5 years

Virginia Surety Company, Inc.

Group Legal Expense

Washington D.C.

Overall Rate Indication

(1)	(2)	(3)	(4)	(5)	(6)				
Calendar									
Year	Written Premium	Earned Premium	On-Level Factor	On-Level Earned Premium	Premium Trend Factor	Trended On-Level Earned Premium			
2015	11,606	11,606	1.000	11,606	0.994	11,534			
2016	11,494	11,494	1.000	11,494	0.995	11,436			
2017	13,687	13,687	1.000	13,687	0.996	13,632			
2018	14,612	14,612	1.000	14,612	0.997	14,569			
2019	14,835	14,835	1.000	14,835	0.998	14,807			
Total	66,234	66,234		66,234		65,977			

(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)
Accident								
Year	Paid Loss	Loss Development Factor	Loss Adjustment Expense Factor	Past-to-Current Loss Trend Factor	Current-to-Future Loss Trend Factor	Trended Ultimate Loss & LAE	Loss & LAE Ratio	Selected Accident Year Weights & LAE Ratio
2015	3,178	1.000	1.000	0.688	0.849	1,858	16.1%	20.0%
2016	2,725	1.000	1.000	0.756	0.849	1,749	15.3%	20.0%
2017	4,514	1.000	1.000	0.830	0.849	3,182	23.3%	20.0%
2018	3,497	1.000	1.000	0.911	0.849	2,706	18.6%	20.0%
2019	2,526	1.000	1.000	1.000	0.849	2,146	14.5%	20.0%
Total	16,441					11,641	17.6%	17.6%

(16)	Experience Period Loss Ratio	17.6%
(17)	Credibility	26.8%
(18)	Permissible Loss Ratio	39.9%
(19)	Trended Permissible Loss & LAE Ratio	34.0%
(20)	Credibility-Weighted Loss & LAE Ratio	29.6%
(21)	Selected Loss Ratio	29.6%
(22)	Fixed Expenses	5.9%
(23)	Variable Expenses	54.2%
(24)	Indication	-22.5%
	Selected Rate Action	-29.0%

Virginia Surety Company, Inc.

Group Legal Expense

Washington D.C.

On-Level Factor

Calendar Year	Effective Date	Rate Action	(1) Cumulative Rate Level	(2) Average Rate Level	(3) On-Level Factor
2014		-	1.000	1.000	1.000
2015		-	1.000	1.000	1.000
2016		-	1.000	1.000	1.000
2017		-	1.000	1.000	1.000
2018		-	1.000	1.000	1.000

Notes

(2) Average rate level of earned premium for each calendar year, calculated via parallelogram method

(3) = (1 @ 2018) / (2)

Virginia Surety Company, Inc.

Group Legal Expense

Washington D.C.

Premium Trend Factor

	(1)	(2)	(3)	(4)			
			= (1) / (2)				
Calendar Quarter	On-Level Earned Premium	Earned Exposures	Average Premium	Rolling 4-Quarter Average Premium	12-Quarter Fit	8-Quarter Fit	4-Quarter Fit
2015-1	1,747	102	17.13				
2015-2	2,724	159	17.13				
2015-3	2,004	117	17.13				
2015-4	4,026	235	17.13	17.13			
2016-1	2,741	160	17.13	17.13			
2016-2	2,878	168	17.13	17.13	17.11		
2016-3	1,987	116	17.13	17.13	17.09		
2016-4	3,049	177	17.23	17.15	17.07		
2017-1	5,773	337	17.13	17.15	17.05		
2017-2	2,570	150	17.13	17.15	17.03	17.15	
2017-3	5,036	294	17.13	17.15	17.01	17.14	
2017-4	2,227	141	15.79	16.80	16.99	17.14	
2018-1	4,779	279	17.13	16.80	16.96	17.14	
2018-2	3,735	218	17.13	16.80	16.94	17.13	16.92
2018-3	2,535	148	17.13	16.80	16.92	17.13	17.05
2018-4	3,734	218	17.13	17.13	16.90	17.12	17.18
2019-1	4,831	283	17.07	17.12	16.88	17.12	17.32

(5)	Quarterly Premium Trend	-0.1%	0.0%	0.8%
(6)	Annual Premium Trend	-0.5%	-0.1%	3.1%
$= [1 + (5)]^4 - 1$				
(7)	Selected Premium Trend	-0.1%		
(8)	Midpoint of Latest Trending Period	10/1/2018		
(9)	Anticipated Effective Date of Rate Action	12/1/2019		
(10)	Average Earned Date	7/1/2020		

	(11)	(12)	(13)
	$= [1 + (7)]^{\wedge}$		
	{ 03/31/2019 – 03/31/YYYY } / 365.25		
	$= [1 + (7)]^{\wedge}$		
	{ (10) – (8) } / 365.25		
	$= (11) \times (12)$		
Calendar Year	Past-to-Current Trend Factor	Current-to-Future Trend Factor	Overall Premium Trend Factor
2015	0.996	0.998	0.994
2016	0.997	0.998	0.995
2017	0.998	0.998	0.996
2018	0.999	0.998	0.997
2019	1.000	0.998	0.998

Virginia Surety Company, Inc.

Group Legal Expense

Washington D.C.

Paid Loss Development Factor

We only have claims by paid date and are, therefore, unable to calculate a paid loss development factor.

Virginia Surety Company, Inc.**Group Legal Expense****Washington D.C.****Loss Adjustment Expense Factor**

	(1)	(2)	(3)
			$= 1 + (1) / (2)$
	Loss Adjustment Expense (000s)	Incurred Loss (000s)	LAE Factor
Calendar Year			
2014	0	900	1.000
2015	0	862	1.000
2016	0	709	1.000
2017	0	541	1.000
2018	0	627	1.000
Total	0	3,639	1.000
Selected LAE Factor			1.000

Notes

- (1) Source: Insurance Expense Exhibit, Part III, Line 34.01, Columns 9 & 11
 (2) Source: Insurance Expense Exhibit, Part III, Lines 34.01, Column 7

Virginia Surety Company, Inc.

Group Legal Expense

Washington D.C.

Loss Trend Factors

(1)		(2)	(3) = (1) / (2)					
Calendar Quarter	Non-Cat Paid Loss	Earned Exposures	Average Loss Cost	Rolling 4-Quarter Average Loss Cost	16-quarter Regression Fit	12-quarter Regression Fit	8-quarter Regression Fit	4-quarter Regression Fit
2014-2	1,012	187	5.41					
2014-3	438	192	2.28					
2014-4	1,490	197	7.56					
2015-1	237	102	2.32	4.40				
2015-2	363	159	2.29	3.61	3.53			
2015-3	827	117	7.07	4.81	3.45			
2015-4	539	235	2.29	3.49	3.37			
2016-1	996	160	6.22	4.47	3.29			
2016-2	1,274	168	7.58	5.79	3.22	5.44		
2016-3	265	116	2.29	4.60	3.14	5.12		
2016-4	405	177	2.29	4.59	3.07	4.81		
2017-1	2,570	337	7.63	4.95	3.00	4.52		
2017-2	1,393	150	9.29	5.37	2.93	4.25	4.81	
2017-3	672	294	2.29	5.37	2.86	3.99	4.31	
2017-4	315	141	2.23	5.36	2.80	3.75	3.86	
2018-1	1,118	279	4.01	4.45	2.73	3.53	3.46	
2018-2	500	218	2.30	2.70	2.67	3.31	3.10	2.82
2018-3	338	148	2.29	2.70	2.61	3.11	2.78	2.95
2018-4	1,038	218	4.76	3.34	2.55	2.93	2.49	3.08
2019-1	649	283	2.29	2.91	2.49	2.75	2.23	3.21

(4)	Quarterly Loss Cost Trend	-2.3%	-6.0%	-10.4%	4.4%
(5)	Annual Loss Cost Trend	-8.9%	-22.0%	-35.5%	18.7%
= [1 + (4)] ⁴ - 1					

				(10)	(11)	(12)
					$= [1 + (6)] ^$	$= [1 + (7)] ^$
(6)	Selected Historical Loss Trend	-8.9%			$\{ (10 @ 2018) - (10) \} / 365.25$	$\{ (9) - (10 @ 2018) \} / 365.25$
(7)	Selected Prospective Loss Trend	-8.9%	Accident Year	Average Loss Date	Past-to-Current Loss Trend Factor	Current-to-Future Loss Trend Factor
			2014	10/1/2014	0.688	0.849
			2015	10/1/2015	0.756	0.849
			2016	10/1/2016	0.830	0.849
(8)	Anticipated Effective Date of Rate Action	12/1/2019	2017	10/1/2017	0.911	0.849
(9)	Average Prospective Date of Loss	7/1/2020	2018	10/1/2018	1.000	0.849

Virginia Surety Company, Inc.

Group Legal Expense

Washington D.C.

	Credibility	DC	Countrywide
(1) Selected Tolerance		5%	5%
(2) Selected Confidence		90%	90%
(3) Confidence size (n_0)		1,082	1,082
$= [\Phi \{ [1 + (2)] / 2 \} / (1)]^2$			
(4) Claims Closed with Payment over 5 years*		78	7,137
(5) Earned Exposures 2015 - 2019		3,878	652,413
(6) Claim Frequency (λ)		2.0%	1.1%
$= (4) / (5)$			
(7) Paid loss on Claims Closed with Payment		16,441	3,493,819
(8) Mean Severity (μ_s)		210.78	489.54
$= (7) / (4)$			
(9) Standard Deviation of Severity (σ_s)		58	30
(10) Coefficient of Variation of Severity (CV_s)		0.28	0.06
$= (\sigma_s) / (\mu_s)$			
(11) Number of exposures for full credibility (n_F)		57,894	99,303
$= n_0 \times (1 + CV_s^2) / \lambda$			
(12) Partial Credibility - Exposure Based		25.9%	100.0%
$= \min \{ 1 , \text{sqrt} [(5) / n_F] \}$			
(12) Partial Credibility - Claim Count Based		26.8%	100.0%
$= \min \{ 1 , \text{sqrt} [(4) / n_0] \}$			

Please note that actual claim counts are not available. We have estimated claim counts by counting the number of group claim summary records as provided by our third party claims administrator in their monthly bordereau reporting.

Virginia Surety Company, Inc.

Group Legal Expense

Washington D.C.

Derivation of Permissible Loss Ratio

A. COUNTRYWIDE								
Calendar Year	2016		2017		2018		3 Year Average	Selected
	\$ (000s)	%	\$ (000s)	%	\$ (000s)	%	%	%
(1) Direct Written Premium (Col. 1)	1,843	100.0%	1,680	100.0%	1,638	100.0%		
(2) Direct Earned Premium (Col. 3)	1,843	100.0%	1,680	100.0%	1,638	100.0%		
(3) Commissions and Brokerage (W) (Col. 11)	794	43.1%	811	48.3%	711	43.4%	44.9%	45.0%
(4) Other Acquisition Incurred (W) (Col. 27)	41	2.2%	32	1.9%	26	1.6%	1.9%	1.9%
(5) General Expenses Incurred (E) (Col. 29)	75	4.1%	59	3.5%	49	3.0%	3.5%	4.0%
(6) Taxes, Licenses and Fees (W) (Col. 12)	18	1.0%	17	1.0%	12	0.7%	0.9%	
B. WASHINGTON D.C.								
Calendar Year	2016		2017		2018		3 Year Average	Selected
	\$ (000s)	%	\$ (000s)	%	\$ (000s)	%	%	%
(7) Direct Written Premium (Col. 1)	11	100.0%	16	100.0%	15	100.0%		
(8) Direct Earned Premium (Col. 2)	11	100.0%	16	100.0%	15	100.0%		
(9) Commissions and Brokerage (W) (Col. 11)	3	27.3%	5	31.3%	5	33.3%	31.0%	
(10) Taxes, Licenses and Fees (W) (Col. 12)	0.11	1.0%	0.16	1.0%	0.12	0.8%	0.9%	1.70%
(11) Total Expenses = (4) + (5) + (3) + (10)								52.6%
(12) Profit & Contingencies (Exhibit 9)								7.5%
(13) Permissible Loss & LAE Ratio = 1 – (11) – (12)								39.9%

(13) Fixed Expenses 5.9%
= (4) + (5)

(14) Variable Expenses 54.2%
= (3) + (10) + (12)

Notes:

A. Source: Insurance Expense Exhibit, Part III, Line 34.01

Virginia Surety Company, Inc.

Group Legal Expense

Washington D.C.

Derivation of Underwriting Profit Provision

(1) Target After-Tax Rate of Return on Surplus	15.0%
(2) Ratio of Written Premium to Surplus	0.94
(3) Expected Investment Income on Reserves as a % of Premium	0.0%
(4) Expected Investment Income on Reserves as a % of Surplus = (3) x (2)	0.0%
(5) Expected Investment Income on Surplus as a % of Surplus	3.4%
(6) Total Expected Investment Income as a % of Surplus = (4) + (5)	3.4%
(7) Federal Income Tax on Investment Income as a % of Surplus = (6) x 18.2%	0.6%
(8) After-Tax Investment Income on Surplus = (6) – (7)	2.7%
(9) Target After-Tax Underwriting Profit as a % of Surplus = (1) – (8)	12.3%
(10) Target After-Tax Underwriting Profit as a % of Premium = (9) / (2)	13.0%
(11) Target Pre-Tax Underwriting Profit as a % of Premium = (10) / {1 – 21%}	16.5%
(12) Selected Pre-Tax Underwriting Profit & Contingencies as a % of Premium	7.5%

Notes

- (2) See Exhibit 14
- (3) See Exhibit 10, G.
- (5) See Exhibit 10, E.
- (7) See Exhibit 13, f.

Virginia Surety Company, Inc.

Group Legal Expense

Washington D.C.

Consideration of Investment Income

A. Unearned Premium Reserve	
1. 2018 Direct Earned Premium (000's)	1,638
2. 2018 Mean Unearned Premium Reserve (000's)	0
3. Percentage of Total Prepaid Expense	
a. Commission and Brokerage	45.0%
b. Taxes, Licenses and Fees	1.7%
c. 50% of Other Acquisition	1.0%
d. 50% of General Expense	2.0%
e. Total	49.7%
4. Dollar Total of Prepaid Expense (000's)	813
5. Subject to Investment (000's)	0
B. Delayed Remission of Premium (000's)	589
C. Expected Loss and Loss Adjustment Reserve	
1. Direct Earned Premium (000's)	1,638
2. Expected Loss Ratio	39.9%
3. Expected Incurred Loss and Loss Adjustment Expense	654
4. Reserve to Incurred Ratio	19.8%
5. Expected Loss and Loss Adjustment Reserve	129
D. Net Subject to Investment	0
E. Net Achievable Yield	3.36%
F. Investment Earnings on Net Subject to Investment	0
G. Ratio of Investment Earnings to Earned Premium	0.0%

Notes

- A.1 Source: 2018 Insurance Expense Exhibit, Part III, Line 34.01 Col 3
- A.2 Group Legal Expense Coverage premium is monthly pay with premium earned as it is written.
- A.3 Three-year average countrywide expenses from Insurance Expense Exhibit, Part III
- A.4 = A.3.e x A.1
- A.5 = max(A.2 – A.4, 0)
- B. = 36% x A.1. See Exhibit 11
- C.2 Equals Permissible Loss Ratio
- C.3 = C.1 x C.2
- C.4 See Exhibit 12
- C.5 = C.3 x C.4
- D. = A.5 – B + C.5
- E. Represents our corporate actuaries' best projection of rate of return on invested assets
- F. = D x E
- G. = F / A.1

Virginia Surety Company, Inc.

Group Legal Expense

Washington D.C.

Delayed Remission of Premium

	(1)	(2)	(3)	(4)	(5)	(6)
Calendar Year	Uncollected Premiums	Deferred Premiums	Ceded Reinsurance Premiums Payable	Net Unremitted Premium	Premiums Earned	Ratio
2016	78,211,931	0	1,574,201	76,637,730	259,725,627	29.5%
2017	86,384,866	0	1,513,149	84,871,717	183,381,057	46.3%
2018	147,343,524	0	1,429,771	145,913,753	454,569,208	32.1%
Selected Unremitted Premium						36.0%

Notes

- (1) Source: Annual Statement, Assets (Page 2), Line 15.1, Column 3
 (2) Source: Annual Statement, Assets (Page 2), Line 15.2, Column 3
 (3) Source: Annual Statement, Liabilities (Page 3), Line 12, Column 1
 (4) = (1) + (2) – (3)
 (5) Source: Annual Statement, Statement of Income (Page 4), Line 1, Column 1
 (6) = (4) / (5)

Virginia Surety Company, Inc.

Group Legal Expense

Washington D.C.

Reserve to Incurred Ratio

	(1)	(2)	(3)
	Mean Loss & LAE		
	Reserve	Incurred Loss & LAE	
Calendar Year	(000s)	(000s)	Ratio
2016	194	709	27.4%
2017	118	541	21.7%
2018	64	627	10.2%
Selected Reserve to Incurred Ratio			19.8%

Notes

(1) Source: IEE Pt. III, Line 34.01, Columns 13, 15 & 17, average with prior year

(2) Source: IEE Pt. III, Line 34.01, Columns 7, 9 & 11

(3) = (1) / (2)

Virginia Surety Company, Inc.

Group Legal Expense

Washington D.C.

Federal Income Tax on Invested Assets

	(1) Investment Income 2016–2018	(2) Allocation	(3) Current Tax Rate	(4) Total Tax
a. Bonds - Taxable	2,542,824	2.1%	21.0%	0.4%
b. Bonds - Tax Exempt Municipal	17,106,354	14.2%	3.2%	0.4%
c. Bonds - Taxable Municipal	80,868,719	67.0%	21.0%	14.1%
d. Stocks	2,258,031	1.9%	8.5%	0.2%
e. All Other Investments	17,971,796	14.9%	21.0%	3.1%
f. Total	120,747,724	100.0%		18.2%

Notes

(1) Source: Annual Statement, Exhibit of Net Investment Income (Page 12), Column 2

a. Line 1

b. Line 1.1

c. Line 1.2

d. Lines 2.1 & 2.2

e. Lines 3, 4, 6, 8 & 9

(2) = (1) / (1.f)

(3) Under the Tax Reform Act of 1986, 15% of formerly tax-exempt income is now taxable

The effective tax rates for different incomes are

Ordinary Income 21.0%

Tax-Exempt Municipals 3.2% (= 15% x 21%)

Unaffiliated Stock Dividends 8.5% (= 21% x 40.5%)

(4) = (2) x (3)

Virginia Surety Company, Inc.

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Surplus Ratio

	(1)	(2)	(3)
Calendar Year	Mean Surplus	Net Written Premium All Lines	Surplus Ratio
2016	386,816,898	45,901,553	0.12
2017	408,139,966	266,490,086	0.65
2018	399,862,457	819,366,187	2.05
Selected Surplus Ratio			0.94

Notes

- (1) Source: Annual Statement, Liabilities and Surplus (Page 3), Line 37, Cols. 1 & 2 average
 (2) Source: Annual Statement, Underwriting and Investment Exhibit, Part 1B (Page 8),
 Line 35, Column 6
 (3) = (2) / (1)

Virginia Surety Company, Inc.

Group Legal Expense

Washington D.C.

Rate Classification Relativities

Adjustment to Current Benefit Level Premiums

Benefit	Current Monthly Premium	Base Network Benefit Amount	Company Indicated Monthly Premium (Flat rate change across all benefits.)	Industry / Competitor Analysis Indicated Premium	Selected Monthly Premium	% Change	Note
<i>Consultation and Advice</i>							
Legal Helpline	\$1.39	N/A	N/A	N/A	\$0.00	-100.0%	Note 1
Legal Office Consultation	\$0.94	N/A	N/A	N/A	\$0.00	-100.0%	Note 1
Document Review	\$0.83	N/A	N/A	N/A	\$0.00	-100.0%	Note 1
Financial and Tax Helpline	\$0.34	N/A	N/A	N/A	\$0.00	-100.0%	Note 1
<i>Consumer Matters</i>							
Document Preparation							
Deeds	\$0.04	\$75	\$0.03	\$0.441	\$0.06	50.0%	
Promissory Notes	\$0.03	\$60	\$0.02	\$0.001	\$0.03	0.0%	
Installment Sales Agreements	\$0.03	\$60	\$0.02	\$0.000	\$0.03	0.0%	
Affidavits	\$0.03	\$60	\$0.02	\$0.018	\$0.03	0.0%	
Life Insurance Claims	\$1.11	\$2,000	\$0.86	\$0.050	\$0.05	-95.5%	
Consumer Disputes							
Correspondence	\$0.22	\$60	\$0.17	\$0.001	\$0.15	-31.8%	
Negotiated Settlement after complaint filed	\$0.20	\$700	\$0.15	\$0.050	\$0.14	-30.0%	Note 2
Trial Matters	\$0.19		\$0.15			-26.3%	Note 2
General Power of Attorney	\$0.44	\$60	\$0.34	\$0.944	\$0.53	20.5%	
Review & Preparation of Lease (Tenant only)	\$0.12	\$75	\$0.09	\$0.004	\$0.08	-33.3%	
<i>Wills and Estates</i>							
Basic Wills	\$1.70	\$90	\$1.32	\$1.084	\$1.43	-15.9%	
Living Wills / Health Care or Advance Directive	\$0.09	\$60	\$0.07	\$0.812	\$0.14	55.6%	Note 3
Health Care or Medical Power of Attorney	\$0.09	\$60	\$0.07	\$0.846	\$0.14	55.6%	Note 3
Codicils	\$0.09	N/A	N/A	N/A	\$0.00		N/A Note 4
Living Trust Document	\$1.08	\$360	\$0.84	\$2.531	\$1.62	50.0%	
<i>Criminal Matters</i>							
Serious Traffic Matters	\$0.31	\$500	\$0.24	\$0.010	\$0.22	-29.0%	
Administrative Proceedings	\$0.07	\$300	\$0.05	\$0.001	\$0.05	-28.6%	
Misdemeanor Matters	\$0.28	\$2,000	\$0.22	\$0.561	\$0.28	100.0%	Note 5
DUI/DWI Defense		\$2,000			\$0.28		Note 5
<i>Residential</i>							
Purchase of Principal Residence	\$2.12	\$575	\$1.64	\$0.516	\$1.48	-30.2%	
Sale of Principal Residence	\$0.74	\$425	\$0.57	\$0.065	\$0.52	-29.7%	
Refinancing of Principal Residence	\$0.65	\$450	\$0.50	\$0.015	\$0.46	-29.2%	
Landlord/Tenant Disputes (Covered Member is Tenant)	\$0.41	\$2,000	\$0.32	\$0.270	\$0.37	-9.8%	

Virginia Surety Company, Inc.

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Rate Classification Relativities

Adjustment to Current Benefit Level Premiums

Benefit	Current Monthly Premium	Base Network Benefit Amount	Company Indicated Monthly Premium (Flat rate change across all benefits.)	Industry / Competitor Analysis Indicated Premium	Selected Monthly Premium	% Change	Note
<i>Financial Matters</i>							
Debt Collection Matters							
Correspondence	\$0.12	\$500	\$0.09	\$0.044	\$0.08	-33.3%	
Negotiated Settlement after complaint filed	\$0.26	\$1,000	\$0.20	\$0.023	\$0.13	-50.0%	Note 2
Trial Matters	\$0.18		\$0.14			-27.8%	Note 2
Bankruptcy	\$2.36	\$1,100	\$1.83	\$0.284	\$1.65	-30.1%	
Foreclosure	\$0.19	\$800	\$0.15	\$0.002	\$0.13	-31.6%	
Tax Audits	\$0.21	\$2,000	\$0.16	\$0.031	\$0.15	-28.6%	
<i>Family Law</i>							
Uncontested Separation, Divorce, Annulment							
Legal Separation	\$0.53	\$700	\$0.41	\$0.002	\$0.37	-30.2%	
Consent/Default Divorce	\$0.28	\$700	\$0.22	\$0.063	\$0.20	-28.6%	
Uncontested Divorce	\$1.25	\$700	\$0.97	\$0.216	\$0.88	-29.6%	
Contested Divorce	\$0.21	\$2,000	\$0.16	\$1.300	\$0.68	221.4%	Note 5
Contested Divorce Post-Divorce Proceedings		\$2,000			\$0.68	221.4%	Note 5
Name Change	\$0.08	\$300	\$0.06	\$0.046	\$0.07	-12.5%	
Guardianship/Conservatorship - Uncontested	\$0.07	\$425	\$0.05	\$0.009	\$0.05	-28.6%	
Uncontested Adoptions							
Governmental Agency Adoptions	\$0.11	\$425	\$0.09	\$0.005	\$0.08	-27.3%	
Stepparent Adoptions	\$0.17	\$425	\$0.13	\$0.016	\$0.12	-29.4%	
Juvenile Court Proceedings	\$0.21	\$550	\$0.16	\$0.008	\$0.15	-28.6%	
<i>Civil Litigation Matters</i>	\$1.11	\$2,000	\$0.86	\$0.026	\$0.78	-29.7%	

Note 1: On a go forward basis, these benefits will be provided as a customer service rather than as claim generating legal matters. The associated cost will be absorbed as a program expense. We contemplate the premium reduction in this exhibit and are removing them from the rate manual.

Note 2: These benefits are being combined into a single benefit. The new combined benefit premium is being reduced over the previous sum of the premium of the two separate benefits.

Note 3: Currently Included as a single benefit. We are separating into two separate benefits with this filing, each with its own premium.

Note 4: The Codicils benefit is being combined with the Basic Wills benefit. The revised premium for the Basic Will benefit contemplates this additional coverage.

Note 5: Currently Included as a single benefit. With this filing we are splitting into two separate benefits. The premium is being increased as indicated with the indicated premium split 50/50 between the two benefits.

Virginia Surety Company, Inc.

Group Legal Expense

Washington D.C.

Rate Classification Relativities

New Benefits with Benefit Level Premiums

	Base Network Benefit Amount	Industry / Competitor Analysis Indicated Monthly Premium	Selected Monthly Premium	Note
Virginia Surety Company, Inc.				
Miscellaneous Law Office Services				
Legal Services for any non-excluded legal matter not specifically covered in the Schedule of Benefits	\$350	N/A	\$0.14	Note 1
<i>Consumer Matters</i>				
Personal Property Protection	\$350	\$0.025	\$0.05	Note 2
Natural Disaster Insurance Claim	\$1,000	\$0.158	\$0.16	
Consumer Fraud Litigation	\$1,000	\$0.011	\$0.05	
State Consumer Law Administrative Proceeding	\$1,000	N/A	\$0.05	Note 3
Small Claims Court Representation (Network Limit under \$1000)	\$120	\$0.003	\$0.05	
Small Claims Court Representation (Network Limits \$1000+)	\$1,000	\$0.015	\$0.05	
Mail Order or Internet Purchase Dispute	\$350	\$0.011	\$0.05	
Bank Fee Dispute	\$350	\$0.011	\$0.05	
First-time Vehicle Buyer	\$350	\$0.011	\$0.05	
Vehicle Repair and Lemon Law Litigation	\$350	\$0.011	\$0.05	
Cell Phone Contract Dispute				
Contract Review	\$350	\$0.011	\$0.05	
Representation	\$350	\$0.011	\$0.05	
Warranty Dispute				
Warranty Review	\$350	\$0.011	\$0.05	
Representation	\$350	\$0.011	\$0.05	
Healthcare Coverage Dispute and Records				
Office Consultation	\$350	\$0.011	\$0.05	
Review of Policy	\$350	\$0.011	\$0.05	
Review/Preparation of Documents	\$350	\$0.043	\$0.05	
Identity Theft Defense	\$1,000	\$0.013	\$0.05	
Document Preparation				
Time Share Agreement	\$60	N/A	\$0.08	Note 18
<i>Estate Planning</i>				
Complex Will or Codicil	\$360	\$1.899	\$1.90	
Probate of Small Estate (Network Limit under \$1000)	\$120	\$0.019	\$0.05	
Probate of Small Estate (Network Limits \$1000+)	\$1,000	\$0.160	\$0.16	
Medicare / Medicaid / Social Security Proceeding	\$1,000	\$0.011	\$0.05	
Special Needs Trust	\$1,200	N/A	\$0.81	Note 4
Social Security Administration Benefit Appeal	\$1,000	\$0.011	\$0.05	
<i>Elder Matters</i>				
Elder Parent (Includes all benefits listed below)	\$90	\$0.003	\$0.05	
Will Preparation	\$90			
Living Will/Health Care or Advanced Directive	\$60			
Durable Financial Power of Attorney	\$60			
Health Care or Medical Power of Attorney	\$60			
Elder Law Matters	\$500	\$0.090	\$0.09	
<i>Residential Matters</i>				
First Time Home-Buyer	\$500	\$0.015	\$0.05	
Vacation or Investment Home Sale/Purchase/Refinancing	\$500	\$0.077	\$0.08	
Home Equity Loan Assistance	\$420	\$0.008	\$0.05	
Property Tax Assessment	\$420	\$0.026	\$0.05	
Property Tax Dispute	\$420	\$0.003	\$0.05	
Tenant Security Deposit Dispute	\$1,000	\$0.026	\$0.05	
Landlord Dispute with Tenant (Covered Member is Landlord)				
Pre-litigation activities	\$700	\$0.017	\$0.04	Note 5
Trial Representation	\$700		\$0.01	Note 5
Security Deposit Dispute with Tenant	\$700	\$0.017	\$0.05	
Construction Defect Dispute	\$500	\$0.015	\$0.05	
Construction/Renovation/Home Repair Dispute	\$1,050	\$0.053	\$0.05	
Neighbor Dispute	\$900	\$0.034	\$0.05	
Noise Reduction Dispute	\$900	\$0.008	\$0.05	
Boundary or Title Dispute	\$700	\$0.006	\$0.05	
Zoning Application	\$700	\$0.003	\$0.05	
Real Estate Dispute	\$2,000	\$0.055	\$0.06	
HOA/COA/POA/Co-Op Board Dispute or Defense	\$700	\$0.096	\$0.10	

Virginia Surety Company, Inc.

Group Legal Expense

Washington D.C.

Rate Classification Relativities

New Benefits with Benefit Level Premiums

Virginia Surety Company, Inc.	Base Network Benefit Amount	Industry / Competitor Analysis Indicated Monthly Premium	Selected Monthly Premium	Note
<i>Financial Matters</i>				
Student Loan Refinancing/Collection Defense	\$490	\$0.041	\$0.05	
Tax Defense	\$1,000	\$0.013	\$0.05	
Garnishment Defense	\$1,000	\$0.077	\$0.08	
Repossession Defense	\$1,000	\$0.028	\$0.05	
<i>Family Matters</i>				
Prenuptial Agreement	\$800	\$0.188	\$0.19	
Guardianship/Conservatorship - Contested	\$900	N/A	\$0.11	Note 6
Governmental Agency Adoption - Contested	\$900	N/A	\$0.17	Note 6
Non-Government Agency Adoption - Uncontested	\$425	N/A	\$0.08	Note 7
Non-Government Agency Adoption - Contested	\$900	N/A	\$0.17	Note 7
Private Adoption	\$900	\$0.162	\$0.16	
Stepparent Adoption - Contested	\$900	N/A	\$0.25	Note 6
International Adoption	\$700	\$0.036	\$0.05	
Grandparent Visitation or Custody - Uncontested	\$700	\$0.051	\$0.05	
Grandparent Visitation or Custody - Contested	\$2,000	N/A	\$0.14	Note 8
Grandparent/Family Member Adoption and Legitimization - Uncontested	\$425	\$0.011	\$0.05	
Grandparent/Family Member Adoption and Legitimization - Contested	\$900	N/A	\$0.11	Note 8
Guardianship of Grandchild/Family Member - Uncontested	\$425	N/A	\$0.05	Note 17
Guardianship of Grandchild/Family Member - Contested	\$900	N/A	\$0.11	Note 6
Child Custody/Support Proceeding Involving Never-Married Parents	\$2,000	\$0.051	\$0.05	
Parental Responsibility Matters	\$700	\$0.018	\$0.05	
Paternity Proceeding	\$700	\$0.017	\$0.05	
Surrogacy Representation	\$2,000	\$0.008	\$0.05	
Stalking Victim Assistance	\$700	N/A	\$0.07	Note 9
Protection from Domestic Violence	\$700	\$0.022	\$0.05	
School Expulsion Proceeding	\$500	N/A	\$0.05	Note 10
School Harassment Proceeding	\$500	\$0.003	\$0.05	
School Code of Conduct/Ethics Proceeding	\$500	N/A	\$0.05	Note 10
School Administrative Proceeding	\$500	N/A	\$0.05	Note 10
Special Needs Education Representation	\$700	N/A	\$0.07	Note 11
Immigration Assistance	\$700	\$0.933	\$0.93	
<i>Civil Matters</i>				
Incompetency Defense	\$2,000	\$0.051	\$0.05	
Administrative Hearing Representation	\$1,500	\$0.002	\$0.05	
Property Owner Gun Rights Civil Defense	\$2,000	\$0.001	\$0.05	
Mediation	\$1,000	\$0.051	\$0.05	
<i>Criminal Defense</i>				
Traffic Ticket	\$250	\$0.262	\$0.26	
Bench or Arrest Warrant	\$2,000	\$1.004	\$0.05	Note 12
Habeas Corpus Proceeding	\$1,000	\$1.004	\$0.05	Note 12
<i>Felony Defense</i>				
Employment Related	\$2,000	\$0.512	\$0.51	
Non-employment Related	\$2,000	N/A	\$0.21	Note 13
Medicaid/Medicare Asset Transfer Defense	\$2,000	\$0.022	\$0.05	
Restraining Order Assistance	\$500	\$0.035	\$0.05	
Property Owner Gun Rights Criminal Defense	\$2,000	N/A	\$0.05	Note 14
Adjustments to Probation or Parole	\$1,000	\$0.006	\$0.05	
<i>Small Business Owner Advice and Representation</i>				
Initial Legal Consultation	\$150	\$9.591	\$9.59	
Review of Simple Document	\$150	\$9.591	\$9.59	
Document Preparation				
Simple Deed	\$110	\$1.407	\$1.41	
Promissory Note	\$110	\$1.407	\$1.41	
Consumer Dispute Correspondence	\$110	\$0.563	\$0.56	
Installment Sales Agreement	\$110	\$0.282	\$0.28	
General Power of Attorney	\$110	\$0.563	\$0.56	
Lease Agreement - Tenant Only	\$450	\$1.151	\$1.15	
Simple Affidavit	\$110	\$1.407	\$1.41	

Virginia Surety Company, Inc.

Group Legal Expense

Washington D.C.

Rate Classification Relativities

New Benefits with Benefit Level Premiums

	Base Network Benefit Amount	Industry / Competitor Analysis Indicated Monthly Premium	Selected Monthly Premium	Note
Virginia Surety Company, Inc.				
Customer Dispute	\$450	\$2.302	\$2.30	
Patent/Trademark/Copyright Advice and Filing	\$500	\$0.004	\$0.05	
Incorporation Advice and Filing	\$500	\$0.001	\$0.05	
Miscellaneous Small Business Owner Legal Services	\$750	N/A	\$0.29	Note 15
Major Trial Supplement				
Major Trial	\$100,000	\$1.385	\$1.39	Note 16

Note 1: This benefit, if included as a covered legal matter, provides for legal services for any legal matter not listed as a covered service or excluded from coverage. Because of the broad range of legal matters this could encompass, we have assumed experience similar to our current Civil Litigation Matters benefit. The premium for this coverage was developed as Proposed Civil Litigation Matters Premium / Civil Litigation Matters Base Network Benefit Amount * Legal Services Base Network Benefit amount.

Note 2: If included as a covered legal matter, Personal Property Protection includes legal counseling on pursuing or defending small claims actions in addition to legal counseling on other Personal Property related issues. Due to this similarity to our proposed Small Claims Court Representation (Network Limit under \$1,000) benefit, we have assumed a similar indicated monthly premium, adjusted for the different benefit levels, as follows: Small Claims Court Indicated Premium / Small Claims Court Limit * Personal Property Protection Limit (\$0.003 / \$120 * \$1,000 = \$0.025).

Note 3: This benefit, if included as a covered legal matter, provides for services related to representation in an administrative proceeding before a state agency for a matter related to consumer fraud. We have assumed experience similar to the proposed Consumer Fraud Litigation benefit and selected a similar premium.

Note 4: Please see Exhibit 15c - Derivation of Special Needs Trust Premium

Note 5: Industry/Competitor Analysis has these coverages combined into one benefit. We desire to have the option of offering each as a separate benefit. The selected premium of \$0.05 is split 75/25 between the two benefits because it is not expected that all legal actions resulting in Pre-Litigation Activities will go as far as trial.

Note 6: These benefits, if included as covered legal matters, provide for services related to guardianship or adoption when there are significant disputed issues (contested). We have assumed these will have experience similar to our current Uncontested (no significant disputed issues) versions. To arrive at a premium for these benefits, we have selected the Uncontested proposed premium, divided by the Uncontested Network Benefit Limit and then multiplied by the desired Contested Network Benefit Limit.

Note 7: These benefits, if included as covered legal matters, will provide for legal representation in non-governmental agency adoptions. We have assumed the same experience as the corresponding Governmental Agency Adoptions and are charging the same premiums.

Note 8: These benefits, if included as covered legal matters, cover legal representation related to visitation, custody and/or adoption related to Grandparents or other family members. We have assumed the same experience as the proposed Uncontested versions of these benefits, adjusting for the higher Base Network Benefit Amount.

Note 9: This benefit, if included as a covered legal matter, provides for legal services, including temporary restraining orders, for victims of stalking incidents. We have assumed that experience will be similar to the proposed Restraining Order Assistance benefit with the selected premium adjusted for higher desired limits as follows: Restraining Order Assistance Selected Premium / Restraining Order Benefit Limit * Stalking Victim Assistance Limit (\$0.05 / \$500 * \$700 = \$0.07).

Note 10: These benefits, if included as covered legal matters, provide for legal services related to the covered member's dependent child involvement in one of these proceedings. We have assumed that experience will be similar to the proposed School Harassment Proceeding benefit and are charging the same premiums.

Note 11: This benefit provides for services related to the special needs education of the covered members dependent child, if included as a covered legal matter. As this is a new benefit in the market and different from our other benefits offered, there is no industry or competitor experience for us to rely on. To guide the derivation of the premium for this coverage, we have relied on U.S. Department of Education statistics related to the Individuals with Disabilities Education Act. Full rate development and explanation can be found in Exhibit 15d - Derivation of Special Needs Education Representation Rate.

Note 12: The indicated premium for these coverage is based on competitor filings. Feedback from industry partners indicate, however, that these benefits experience far less usage than assumed in the competitor rate filings. We have, therefore, elected to charge our lowest premium until we receive experience indicating that a higher rate is needed.

Note 13: This benefit, if included as a covered legal matter, provides for defense of a covered member in connection with criminal felony charges unrelated to the covered member's employment. As there is no industry data or competitor information related to this benefit, we have relied on Census Bureau and Bureau of Justice Statistics as well as a competitor's filed frequency for Employment Related Felony Defense (Nationwide filing referenced in Actuarial Memorandum). Using this information, we have derived our proposed premium of \$0.21 for this benefit. A full explanation as well as the rate derivation can be found in Exhibit 15e.

Note 14: If included as a covered legal matter, this benefit will provide for legal services related to charges arising from the covered member's use or possession of a legally owned and possessed firearm while on the covered member's residential property. There is no industry or competitor information related to Property Owner Gun Rights Criminal Defense. We do, however, have industry data related to Property Owner Gun Rights Civil Defense. We have assumed, until the program generates experience indicating otherwise, that the experience for the two benefits will be similar. Therefore, we have selected the same rate for Criminal Defense as we have for Civil Defense.

Note 15: This benefit, if included as a covered legal matter, provides for legal services for any small business legal matter not listed as a covered service or excluded from coverage. Because of the broad range of legal matters this could encompass, we have assumed experience similar to our current Civil Litigation Matters benefit. The premium for this coverage was developed as Proposed Civil Litigation Matters Premium / Civil Litigation Matters Base Network Benefit Amount * Small Business Legal Services Base Network Benefit amount.

Note 16: This benefit, if included as a covered legal matter, provides for representation in any non-excluded trial matter in addition to any coverage shown in the scheduled list of covered legal matters. We have assumed that experience for this benefit will be similar to that of the proposed Small Claims Court Representation, adjusted for the higher Major Trial Supplement limit.

Note 17: This benefit, if included as a covered legal matter, provides for legal services related to Uncontested Guardianship of a Grandchild or Family Member. We have assumed the same proposed rate as the general Guardianship/Conservatorship - Uncontested rate show in Exhibit 15a.

Note 18: This benefit, if included as a covered legal matter, provides for document preparation services related to Time Share Agreements. We have assumed the same proposed rate as Review & Preparation of Lease (Tenant only) from Exhibit 15a.

Virginia Surety Company, Inc.

Group Legal Expense

Washington D.C.

New Benefits - Derivation of Special Needs Trust Rate

(1)	Proposed Living Trust Monthly Premium	\$1.62
(2)	Expected Loss Ratio	39.1%
(3)	Loss Cost =(1) * (2)	\$0.63
(4)	Living Trust Fee/Limit	\$360
(5)	Expected Living Trust Frequency =(3) / (4)	0.18%
(6)	Selected Special Needs Trust Frequency <i>See explanation below.</i>	0.03%
(7)	Special Needs Trust Fee/Limit	\$1,200
(8)	Special Needs Trust Loss Cost =(6) * (7)	\$0.32
(9)	Expected Loss Ratio	39.1%
(10)	Special Needs Trust Monthly Premium =(8) / (9)	\$0.81

We believe Special Needs Trusts are much less common than Living Trusts as they would only be needed in the case of persons with severe disabilities. We have, therefore, assumed a lower frequency for Special Needs Trusts. Our frequency assumption reduction was guided by Census Bureau's "Americans With Disabilities: 2010" report, which stated that approximately 14.8% of the population aged 15 and older have a severe disability.

Virginia Surety Company, Inc.

Group Legal Expense

Washington D.C.

New Benefits - Derivation of Special Needs Education Representation Rate

(1)	Number of children and students served under IDEA, Part B, 2016-2017	6,904,232 *
(2)	Number of Due Process Complaints, 2016-2017	18,490 **
(3)	Ratio of Complaints to Population =(2) / (1)	0.00268
(4)	Number of Due Process Complaints Withdrawn, 2016-2017	11,854 ***
(5)	Ratio of Complaints to Populaton after adjusting for withdrawals =[(2) - (4)] / (1)	0.096%
(6)	Assumed Annual Frequency for Special Need Education Representation =(5) * 0.5 [Since (1), (2) and (4) are two year totals]	0.048%
(7)	Special Needs Education Representation Fee/Limit	\$700
(8)	Special Needs Education Representation Annual Loss Cost =(6) * (7)	\$0.34
(9)	Expected Loss Ratio	39.1%
(10)	Special Needs Education Representation Annual Rate =(8) / (9)	\$0.86
(11)	Special Needs Education Representation Monthly Rate =(10) / 12	\$0.07

* Source: U.S. D.O.E IDEA Section 618 Statistics Tables Part B, Ages 3 - 21, 2016-2017

** Source: U.S. D.O.E IDEA Section 618 Statistics Tables Part B Dispute Resolution Table 3, Ages 3 - 21, 2016-2017, Sum of Complaints Fully Adjudicated, Complaints Pending and Complaints Withdrawn

*** Source: U.S. D.O.E IDEA Section 618 Statistics Tables Part B Dispute Resolution Table 3, Ages 3 - 21, 2016-2017, Sum of Complaints Fully Adjudicated, Complaints Pending and Complaints Withdrawn

Special Needs Education Representation is a new benefit to the market. As a result, there is no industry or competitor information to use in deriving the premium for this coverage.

In order to derive a rate, we have relied on U.S. Department of Education statistics related to the Individuals with Disabilities Education Act (IDEA). From these statistics, we were able to determine that, after adjusting for complaint withdrawals, that there was a ratio of complaints to special needs population of approximately 0.096% over the two year period 2016-2017, or 0.048% annualized. We have assumed this ratio is the most likely proxy for the frequency associated with the Special Needs Education Representation benefit.

We next applied this assumed annual frequency to our base network benefit limit of \$700 to arrive at an annual loss cost of \$0.34. We then applied our expected loss ratio and finally divided by 12 to arrive at our monthly premium of \$0.07 for this coverage.

Virginia Surety Company, Inc.

Group Legal Expense

Washington D.C.

New Benefits - Derivation of Non-Employment Related Felony Defense Coverage

(1)	Employment Related Felony Defense Annual Frequency	0.12% *
(2)	Estimated Number of Felony Convictions 2004	1,078,920 **
(3)	US Population 2004	293,656,842 ***
(4)	Estimated % of Population Convicted of Felony =(2) / (3)	0.37%
(5)	% of Felony Convictions by Category	****
(5a)	Violent	18% Assume no claims
(5b)	Property	29%
(5c)	Drug	34% Assume no claims
(5d)	Weapon	3% Assume no claims
(5e)	All Other	17%
(6)	% of Population Convicted of Felony For Which a Claim is Likely =(4) * [(5b) + (5e)]	0.17%
(7)	Assumed Non-Employment Felony Defense Annual Frequency =(6) - (1)	0.05%
(8)	Non-Employment Felony Defense Fee/Limit	\$2,000
(9)	Non-Employment Felony Defense Annual Loss Cost =(7) * (8)	\$0.9802
(10)	Expected Loss Ratio	39.1%
(11)	Non-Employment Felony Defense Annual Rate =(9) / (10)	\$2.51
(12)	Non-Employment Felony Defense Monthly Rate =(11) / 12	\$0.21

* From competitor (Nationwide) rate filing.

** Source: Bureau of Justice Statistics Bulletin - Felony Sentences in State Courts, 2004

*** Source: U.S. Census Bureau Statistical Abstract of the U.S. 2006

**** Source: Bureau of Justice Statistics Bulletin - Felony Sentences in State Courts, 2004

Felony Defense for Non-Employment related crimes is a new benefit to the market. As a result, there is no industry or competitor experience from which to derive a rate. We have, therefore, relied on statistics from the Bureau of Justice related to felony convictions and the U.S. Census Bureau for population information. We have also relied on a competitor's (Nationwide) rate filing for the rating frequency related to Felony Defense for Employment related crimes.

Based on the statistical data from the Bureau of Justice Statistics and the U.S. Census Bureau, we have estimated that approximately 0.37% of the U.S. population is convicted of a felony. Of these felony convictions, approximately 55% are violent, drug or weapon crimes. We have assumed that crimes of this nature are not likely to result in a claim under this coverage due to their egregious nature. Adjusting for this, we are left with approximately 0.17% of the U.S. population convicted of a felony for which a claim is likely. We have assumed that this percentage is the best approximation for frequency for Felony Defense coverage both employment and non-employment related.

Of this 0.17%, we have already assumed that 0.12% is employment related based on our competitor's rate filing. This leaves 0.05% that we are assuming is non-employment related.

Applying our base network benefit limit of \$2,000 to this 0.05%, we arrive at an annual loss cost of \$0.9802. Adjusting for our expected loss ratio and then dividing by 12 gives our Non-Employment Felony Defense Monthly Rate of \$0.21.

Virginia Surety Company, Inc.

Group Legal Expense

Washington D.C.

Rate Classification Relativities

Rating Factors - Network Benefit Adjustment Factors

Benefit Multiplier	Factor	Calculation
25%	0.25	Selected based on factors from 50% to 200%
50%	0.50	Based on competitor filing
75%	0.75	Based on competitor filing
100%	1.00	Based on competitor filing
125%	1.25	Based on competitor filing
150%	1.50	Based on competitor filing
175%	1.75	Based on competitor filing
200%	2.00	Based on competitor filing
225%	2.23	Based on competitor filing
250%	2.45	Based on competitor filing
275%	2.62	Based on competitor filing
300%	2.75	Based on competitor filing
325%	3.01	Linear Interpolation: $\{[(325\%-275\%)*(2.75-2.62)/(300\%-275\%)]\}+2.75$
350%	3.14	Linear Interpolation: $\{[(350\%-275\%)*(2.75-2.62)/(300\%-275\%)]\}+2.75$
375%	3.27	Linear Interpolation: $\{[(375\%-275\%)*(2.75-2.62)/(300\%-275\%)]\}+2.75$
400%	3.40	Linear Interpolation: $\{[(400\%-275\%)*(2.75-2.62)/(300\%-275\%)]\}+2.75$
425%	3.53	Linear Interpolation: $\{[(425\%-275\%)*(2.75-2.62)/(300\%-275\%)]\}+2.75$
450%	3.66	Linear Interpolation: $\{[(450\%-275\%)*(2.75-2.62)/(300\%-275\%)]\}+2.75$
475%	3.79	Linear Interpolation: $\{[(475\%-275\%)*(2.75-2.62)/(300\%-275\%)]\}+2.75$
500%	3.92	Linear Interpolation: $\{[(500\%-275\%)*(2.75-2.62)/(300\%-275\%)]\}+2.75$

*There is no rate impact to existing policyholders from the introduction of these factors.

As noted, these proposed relativities are based on the Nationwide filing referenced in our Actuarial Memorandum.

Virginia Surety Company, Inc.

Group Legal Expense

Washington D.C.

Rate Classification Relativities

Individual / Family / Composite Rating Factors

Individual / Family / Composite	Competitor Factor	Competitor Factor Rebased to Composite	Proposed VSC Factor
Individual	1.000	0.85	0.85
Individual + Spouse	1.250	1.06	1.06
Family	1.300	1.10	1.10
Composite**	1.180	1.00	1.00

*There is no rate impact to existing policyholders from the introduction of these factors.

**Composite is a single rate regardless of Individual, +Spouse or Family coverage.

As noted, these proposed relativities are based on the Nationwide filing referenced in our Actuarial Memorandum.

Virginia Surety Company, Inc.

Group Legal Expense

Washington D.C.

Rate Classification Relativities

Rating Factors - Waiting Period Rating Factors

Waiting Period in Months	Factor	Calculation
0	1.000	Based on competitor filing
1	0.983	Linear Interpolation: $\{[(1-0)*[(0.95-1.00)/(3-0)]]+1.00$
2	0.967	Linear Interpolation: $\{[(2-0)*[(0.95-1.00)/(3-0)]]+1.00$
3	0.950	Based on competitor filing
4	0.917	Linear Interpolation: $\{[(4-3)*[(0.85-0.95)/(6-3)]]+0.95$
5	0.883	Linear Interpolation: $\{[(5-3)*[(0.85-0.95)/(6-3)]]+0.95$
6	0.850	Based on competitor filing

*There is no rate impact to existing policyholders from the introduction of these factors.

As noted, these proposed relativities are based on the Nationwide filing referenced in our Actuarial Memorandum.

Virginia Surety Company, Inc.

Group Legal Expense

Washington D.C.

Rate Classification Relativities

Rating Factors - Group Size / Participation Rate Rating Factors

Current Factors

Group Size	Participation Rate	Rating Factor
< 100	Any	1.05
> 1000	Any	0.95

Proposed Factors

Group Sizes	Participation Rate			
	0-9%	10-49%	50-99%	Blanket
1 -2000	1.00	0.95	0.90	0.75
2001 -10000	0.92	0.87	0.83	0.70
10,001+	0.83	0.79	0.75	0.65

The current Group Size rating factors were part of our Schedule Rating Plan. We are removing this option from our Schedule Rating Plan and creating Rate Classification Relativities instead.

The rate impact to existing policyholders with this change is -3.16%.

As noted, these proposed relativities are based on the Nationwide filing referenced in our Actuarial Memorandum.

Virginia Surety Company, Inc.

Group Legal Expense

Washington D.C.

Rate Classification Relativities

Rating Factors - New / Renewal / Takeover
Rating Factors

New / Renewal	Factor
New	1.000
Renewal	0.975
Takeover	0.975

*There is no rate impact to existing policyholders from the introduction of these factors.

As noted, these proposed relativities are based on the Nationwide filing referenced in our Actuarial Memorandum.

Virginia Surety Company, Inc.

Group Legal Expense

Washington D.C.

Rate Classification Relativities

Rating Factors - Multi-Year Rate Guarantee Rating Factors

# of Years	Factor
1	1.000
2	1.012
3	1.024
4	1.036
5	1.048

When rates are guaranteed for more than 1 year, there is a risk that rates will become inadequate over time with no recourse for addressing that inadequacy. In order to quantify this potential inadequacy and derive appropriate rating factors, we reviewed the Company's Loss Cost Trend on a Countrywide basis for current Group Legal Expense program. Based on this trend analysis (shown below), we have selected the above rating factors. The rating factor for a 2 year guarantee was based on the loss trend for AY 2017, 3 year was based on AY 2016 and so forth. We selected the results from the 16-quarter regression fit for this factor development due to the long term nature of the rate guarantee's.

			(3) = (1) / (2)					
			(1) (2)					
			Non-Catastrophe					
Calendar Quarter	Paid Losses	Earned Exposures	Average Loss Cost	Rolling 4-Quarter Average Loss Cost	16-quarter Regression Fit	12-quarter Regression Fit	8-quarter Regression Fit	4-quarter Regression Fit
2014-1	266,218	47,264	5.63					
2014-2	209,285	41,062	5.10					
2014-3	208,003	38,563	5.39					
2014-4	195,262	38,727	5.04	5.29				
2015-1	205,385	41,713	4.92	5.11	5.13			
2015-2	201,470	38,979	5.17	5.13	5.14			
2015-3	220,115	37,295	5.90	5.26	5.16			
2015-4	182,987	34,184	5.35	5.34	5.17			
2016-1	203,445	35,778	5.69	5.53	5.19	5.51		
2016-2	171,752	31,122	5.52	5.61	5.20	5.48		
2016-3	176,970	29,966	5.91	5.62	5.22	5.46		
2016-4	159,150	28,204	5.64	5.69	5.24	5.44		
2017-1	165,228	31,742	5.21	5.57	5.25	5.42	5.52	
2017-2	163,519	28,915	5.66	5.60	5.27	5.39	5.48	
2017-3	147,496	28,276	5.22	5.43	5.28	5.37	5.43	
2017-4	163,376	24,632	6.63	5.68	5.30	5.35	5.39	
2018-1	151,736	27,236	5.57	5.77	5.31	5.33	5.35	5.55
2018-2	126,276	26,160	4.83	5.56	5.33	5.31	5.30	5.35
2018-3	119,359	26,143	4.57	5.40	5.34	5.29	5.26	5.19
2018-4	167,297	30,264	5.53	5.12	5.36	5.27	5.22	4.93

(4)	Quarterly Frequency Trend	0.3%	-0.4%	-0.8%	-5.1%
(5)	Annual Frequency Trend	1.2%	-1.6%	-3.2%	-18.9%

$$= [1 + (4)]^4 - 1$$

(6) Selected Historical Loss Trend 1.2%

			(8) = [1 + (6)] ^ { (7 @ 2018) - (7) } / 365.25	
			(7)	
Accident Year	Average Loss Date	Past-to-Current Loss Trend Factor		
2014	7/1/2014	1.048		
2015	7/1/2015	1.036		
2016	7/1/2016	1.024		
2017	7/1/2017	1.012		
2018	7/1/2018	1.000		

Virginia Surety Company, Inc.

Group Legal Expense

Washington D.C.

Rate Classification Relativities

Rating Factors - Experience Modification Factor

When up to 3 years of group experience is available, the Experience Modification Factor allows for the plan premium for the group members to be adjusted on a prospective basis. This factor may be calculated using group experience under a policy written by Virginia Surety Company, Inc., or using group experience under a policy written by another carrier.

This Experience Modification Factor is calculated as follows:

- (1) Sum of Annual Incurred Losses Up to 3 Years Prior
- (2) Sum of Annual Premiums Up to 3 Years Prior
- (3) Total Loss Ratio = (1) / (2)

- (4) Sum of Incurred Claim Counts Up to 3 Years Prior
- (5) Credibility Factor = $\text{MIN}\{\text{SQRT}[(4) / 400], 1\}$

- (6) Experience Modification Factor = $\{100\% * [1 - (5)]\} + [(5) * (3)]$

The application of the Experience Modification Factor is Optional and it may only be applied upon policy inception or upon policy renewal.

Virginia Surety Company, Inc.

Group Legal Expense

Washington D.C.

Rate Classification Relativities

Schedule Rating Plan

Criteria	Credit/Debit	Note
Marketing Cost (on site enrollment expense, multiple brokers, customized materials)	-5% to +5%	Existing Criteria
Marketing Methods (telemarketing, direct mail, inserts, infomercial, electronic media, storefront)	-10% to +10%	Existing Criteria
Group Demographics not otherwise rated for (age, group/worksites locations)	-5% to +5%	Existing Criteria
Program Management (reporting, increased automation, claims, customer service)	-5% to +5%	Existing Criteria
Mix of Services In and Out of Network 100% In = Max Credit 50% In = No Credit 0% In = Max Debit	-10% to +10%	Newly Added Criteria
Producer Risk Sharing Agreements Full Producer Fees at risk = Max Credit Partial profit share with Producer = Credit ratio equivalent to profit share ratio (50/50 share = -5% Credit) No producer risk sharing = No Credit Producer can place risk with multiple carriers = Max Debit	-10% to +10%	Newly Added Criteria
Underwriter's Discretion	-25% to +25%	Newly Added Criteria

The maximum credit/debit that can be applied is +/- 25%

Virginia Surety Company, Inc.

Group Legal Expense

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Derivation of Permissible Loss Ratio

	Calendar Year	A. COUNTRYWIDE										3 Year Average	5 Year Average	Selected
		2014		2015		2016		2017		2018				
		\$ (000s)	%	\$ (000s)	%	\$ (000s)	%	\$ (000s)	%	\$ (000s)	%			
(1)	Direct Written Premium (Col. 1)	2,498	100.0%	2,219	100.0%	1,843	100.0%	1,680	100.0%	1,638	100.0%			
(2)	Direct Earned Premium (Col. 3)	2,498	100.0%	2,219	100.0%	1,843	100.0%	1,680	100.0%	1,638	100.0%			
(3)	Commissions and Brokerage (W) (Col. 11)	1,012	40.5%	914	41.2%	794	43.1%	811	48.3%	711	43.4%	44.9%	42.9%	45.0%
(4)	Other Acquisition Incurred (W) (Col. 27)	40	1.6%	38	1.7%	41	2.2%	32	1.9%	26	1.6%	1.9%	1.8%	1.9%
(5)	General Expenses Incurred (E) (Col. 29)	74	3.0%	71	3.2%	75	4.1%	59	3.5%	49	3.0%	3.5%	3.3%	4.0%
(6)	Taxes, Licenses and Fees (W) (Col. 12)	24	1.0%	0	0.0%	18	1.0%	17	1.0%	12	0.7%	0.9%	0.7%	2.5%
(7)	Total Expenses = (3) + (4) + (5) + (6)													53.4%
(8)	Profit & Contingencies (Exhibit 9)													7.5%
(9)	Permissible Loss & LAE Ratio = 1 – (7) – (8)													39.1%

(13) Fixed Expenses 5.9%
= (4) + (5)

(14) Variable Expenses 55.0%
= (3) + (6) + (8)

Notes:

A. Source: Insurance Expense Exhibit, Part III, Line 34.01

Virginia Surety Company, Inc.

Group Legal Expense

Washington D.C.

DC & Countrywide Experience for Last 5 Years

Washington D.C.

Calendar Year	Written Premium	Number of Policyholders @ 12/31/CY	Rate Action
2014	\$ 13,113.01	65	-
2015	\$ 10,500.69	57	-
2016	\$ 10,654.86	60	-
2017	\$ 15,605.58	72	-
2018	\$ 14,783.46	73	-

Countrywide

Calendar Year	Written Premium	Number of Policyholders @ 12/31/CY	Rate Action
2014	\$ 2,402,634.27	13,684	-
2015	\$ 2,114,360.48	10,024	-
2016	\$ 1,774,019.35	8,595	-
2017	\$ 1,629,605.01	8,663	-
2018	\$ 1,581,599.79	8,413	-

(1) Notes

No rate changes over the last 5 years

Virginia Surety Company, Inc.

Group Legal Expense

Washington D.C.

Actuarial Memorandum

Virginia Surety Company, Inc., (VSC or the Company) presents for your review and approval this update to its Group Legal Expense rate and rule filing.

Group Legal Expense coverage provides covered group members with prepaid legal services for a scheduled list of covered legal matters. This scheduled list is included as part of the group member's Certificate of Coverage and as part of the Group Legal Expense Insurance Policy.

Covered group members may use either "Participating" or "Non-Participating" attorneys. A Participating attorney is an attorney who is specifically contracted to provide the covered legal services at the amount stated in the Participating Attorney column of the scheduled list of covered legal matters. A Non-Participating attorney is an attorney not so contracted, but who is selected and paid by the service contract holder. Non-Participating attorney fees will be covered up to the amount shown in the Non-Participating Attorney column of scheduled list of covered legal matters. The covered amounts may vary by group and with the premiums adjusted accordingly.

Covered group members are charged a monthly fee and can withdraw from the plan at any time.

In order to provide a competitive premium for our program in light of new benefits being introduced in this rate filing, we are proposing a rate change of -29.0%, which is larger than the indicated rate change of -22.5%.

We do not believe this additional reduction in premium will result in premiums that are inadequate. Our analysis of industry and competitor information, as shown in Exhibit 15a, indicates premiums lower than those being requested with this rate filing. Additionally, Group Legal Expense premium accounts for approximately 1% of the total premiums written and earned on a Countrywide basis, indicating that this additional reduction of premium will not put the Company in an adverse financial situation.

Exhibit 1 - Rate Level Indication

Exhibit 1 contains our Rate Level Indication of -22.5% for this program.

Exhibit 2 - On-Level Factor

Exhibit 2 is our On-Level Factor calculation. Note that we have not had any rate filings in the last 6 years.

Exhibit 3 - Premium Trend Factor

We have selected the 8-quarter trend result. The On-Level Earned Premium per Exposure has been very stable over the 7 quarters proceeding 2019Q1. We believe the 8-quarter trend better reflects this average premium stability compared to the other annual trends calculated.

We have selected a Trend Period of 1.5 years to trend our most recent period of experience to an Average Earned Date of 7/1/2020.

Virginia Surety Company, Inc.

Group Legal Expense

Washington D.C.

Actuarial Memorandum

Exhibit 4 - Paid Loss Development Factor

We only track losses closed with payment for this program. This is due to the fact that the time between opening a claim and closing a claim for this product is often less than 1 month. We have selected Loss Development Factors of 1.000 for each period.

Exhibit 5 - Loss Adjustment Expense Factor

Claims for this program are adjudicated and paid by a third-party administrator (TPA). Virginia Surety does not, therefore, have any associated loss adjustment expenses for this program.

Exhibit 6 - Non-Catastrophe Loss Trend Factors

We have selected the 16-quarter trend result. We believe that the 16-quarter trend result adequately reflects the current and near future expected losses for this program when compared to the other trend estimates.

As with the Premium Trend selection, we have selected a Trend Period of 1.5 years to trend our most recent period of experience to an Average Loss Date of 7/1/2020.

Exhibit 7 - Credibility

Exhibit 7 shows the calculation of our credibility factor based on both Exposures and Claim Counts. For this filing, we have selected the credibility based on an estimated claim count over the 5-year experience period 2015 - 2019 of 78.

Our third-party administrator does not provide us with claims detail at the individual claim level. Claims are provided on a monthly basis at a Covered Group summary level. Claim counts, as presented in this filing, have been estimated by counting the group summary records provided in the monthly bordereau reporting.

Exhibit 8 - Derivation of Permissible Loss Ratio

Exhibit 8 shows the derivation of our permissible loss ratio of 39.9%. We have selected Taxes, Licenses, and Fees based on state-specific data. We have selected the remainder of the expenses based on countrywide data.

Virginia Surety Company, Inc.

Group Legal Expense

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Actuarial Memorandum

Exhibits 9-14 - Underwriting Profit Provision Support

Exhibit 9 provides the calculation of our underwriting profit provision of 7.5%. Exhibits 10-14 provide support to the calculations in Exhibit 9.

Exhibit 15a - Rate Classification Relativities - Current Program Benefits

Due to the simple nature of the current VSC Group Legal Expense program (Current Program), claims have not been historically tracked at the individual benefit level. With this filing, we are expanding the Current Program and wish to make benefit level changes. We have, therefore, relied heavily on industry data and competitor rate filings, as well as industry partner feedback, to develop benefit level indicated premiums. We have also developed Company Indicated premiums based on our overall Current Program rate indication.

The Competitor Rate filings reviewed include Nationwide Mutual Insurance Company's Personal Expense Protection - Legal Fees Program (SERFF# NWLC-130454534), Allstate Insurance Company's Group LegalCare program (SERFF# ALSX-126321354), and ARAG Insurance Company's Group Legal Expense Insurance program (SERFF# ARAG-125346276). Please note that even though we reviewed these filings, we did not necessarily make use of all three companies' filings in our final rate decision process.

For the derivation of industry and competitor indicated premiums, we began with industry/competitor indicated loss costs for coverage at the Base Network Benefit Amount and adjusted for an expected loss ratio of 39.1%. This expected loss ratio was derived on a Countrywide basis using expense information from the Company's Insurance Expense Exhibits for the current Group Legal Expense program. This expected loss ratio derivation is shown in Exhibit 16. Please note that this expected loss ratio was only used to bring industry/competitor loss costs up to an indicated premium with the same level of expenses as our current program and was not used in our rate indication calculation.

The following changes are being made to the Company's current program benefits:

- We are removing the premium charge for the Consultation and Advice benefits. As the program is structured on a go forward basis, these benefits are provided as a customer service rather than as claim generating legal matters. The associated cost will be absorbed as a program expense.
- The Consumer Dispute - Negotiated Settlement and Consumer Dispute - Trial Matters benefits are being combined into a single benefit and the premium for the combined benefit is being reduced as indicated.
- The Living Wills / Health Care or Advanced Directive / Health Care or Medical Power of Attorney benefit is being split into two benefits: Living Wills / Health Care or Advanced Directive and Health Care or Medical Power of Attorney. The premium for the separate benefits is being increased as indicated by industry/competitor information.

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- The Codicils benefit is being combined into the Basic Will benefit. The revised premium for the Basic Will benefit contemplates this additional coverage.
- DUI/DWI Defense coverage is being split from the Misdemeanor Matters benefit. The selected premium for each benefit assumes a 50/50 split of the industry/competitor indicated premium.
- The Debt Collection Matters - Negotiated Settlement and Debt Collection Matters - Trial Matters benefits are being combined into a single benefit and the premium for the combined benefit is being reduced as indicated.
- Contested Divorce is being split into two benefits, Contested Divorce and Contested Divorce Post-Divorce Proceedings. The premium is being increased as indicated with the final premium split 50/50 between benefits.
- The remainder of the current benefits were adjusted upward and downward as indicated by a combination of VSC experience and industry/competitor indicated premiums.

These changes contribute to the overall rate impact to existing policyholders.

Exhibits 15b-15e - Rate Classification Relativities - New Program Benefits

With this filing we are proposing to expand the covered legal benefits that can be offered. Rates for these new program benefits were developed using industry data, competitor rate filings, industry partner feedback, or, when industry data or competitor rate filings were not available, relevant demographic data or relevant data from other proposed benefits. More information regarding this last category of benefits is included below.

For the derivation of industry and competitor indicated premiums, we began with industry/competitor indicated loss costs and adjusted for an expected loss ratio of 39.1%. As noted above, this expected loss ratio was derived on a Countrywide basis using expense information from the Company's Insurance Expense Exhibits for the current Group Legal Expense program and can be found in Exhibit 16. Please note that this expected loss ratio was only used to bring industry/competitor loss costs up to an indicated premium with the same level of expenses as our current program and was not used in our rate indication calculation.

Benefits for which industry data or competitor rate filings were not available had premiums derived as follows:

- **Legal Services for any non-excluded legal matter not specifically covered in the Schedule of Benefits** - This benefit, if included as a covered legal matter, provides for legal services for any legal matter not listed as a covered service or excluded from coverage. Because of the broad range of legal matters this could encompass, we have assumed experience similar to our current Civil Litigation Matters benefit. The premium for this coverage was developed as $\text{Proposed Civil Litigation Matters Premium} / \text{Civil Litigation Matters Base Network Benefit Amount} * \text{Legal Services Base Network Benefit amount}$ ($\$0.78 / \$2,000 * \$350 = \0.14).

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- **Personal Property Protection** - If included as a covered legal matter, Personal Property Protection includes legal counseling on pursuing or defending small claims actions in addition to legal counseling on other Personal Property related issues. Due to this similarity to our proposed Small Claims Court Representation (Network Limit under \$1,000) benefit, we have assumed a similar indicated monthly premium, adjusted for the different benefit levels, as follows: $\text{Small Claims Court Indicated Premium} / \text{Small Claims Court Limit} * \text{Personal Property Protection Limit} (\$0.003 / \$120 * \$1,000 = \$0.025)$.
- **State Consumer Law Administrative Proceeding** - This benefit, if included as a covered legal matter, provides for services related to representation in an administrative proceeding before a state agency for a matter related to consumer fraud. We have assumed experience similar to the proposed Consumer Fraud Litigation benefit and selected a similar premium.
- **Special Needs Trust** - If included as a covered legal matter, this provides for the preparation of special or supplemental needs trust documents for a mentally or physically disabled beneficiary. To price this benefit, we began with the proposed premium and Network Benefit Limit for our Living Trust benefit and backed into the underlying expected frequency. We then adjusted this frequency downward because we believe that Special Needs Trusts are much less common than Living Trusts. Our frequency assumption was guided by information from the U.S. Census Bureau's "Americans With Disabilities: 2010" report. Per this report, approximately 14.8% of the population aged 15 and older have a severe disability. We have assumed a similar population for Special Needs Trusts as compared to Living Trusts and multiplied the expected Living Trust frequency by 15% to arrive at the Special Needs Trust Frequency. To this frequency, we applied our Base Network Benefit Limit and expected loss ratio to arrive at our Special Needs Trust premium. Please see Exhibit 15c for the derivation.
- **Guardianship/Conservatorship - Contested, Governmental Agency Adoption - Contested, Stepparent Adoption - Contested, and Guardianship of Grandchild - Contested** - These benefits, if included as covered legal matters, provide for services related to guardianship or adoption when there are significant disputed issues (contested). We have assumed these will have experience similar to our current Uncontested (no significant disputed issues) versions. To arrive at a premium for these benefits, we have selected the Uncontested proposed premium, divided by the Uncontested Network Benefit Limit and then multiplied by the desired Contested Network Benefit Limit.
- **Non-Governmental Agency Adoptions - Contested and Uncontested** - These benefits, if included as covered legal matters, will provide for legal representation in non-governmental agency adoptions. We have assumed the same experience as the corresponding Governmental Agency Adoptions and are charging the same premiums.
- **Grandparent Visitation/Custody - Contested and Grandparent/Family Member Adoption and Legitimization - Contested** - These benefits, if included as covered legal matters, cover legal representation related to visitation, custody and/or adoption related to Grandparents or other family members. We have assumed the same experience as the proposed Uncontested versions of these benefits, adjusting the selected premium for the higher Base Network Benefit Amount.

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- **Stalking Victim Assistance** - This benefit, if included as a covered legal matter, provides for legal services, including temporary restraining orders, for victims of stalking incidents. We have assumed that experience will be similar to the proposed Restraining Order Assistance benefit with the selected premium adjusted for higher desired limits as follows: Restraining Order Assistance Selected Premium / Restraining Order Benefit Limit * Stalking Victim Assistance Limit ($\$0.05 / \$500 * \$700 = \0.07).
- **School Expulsion Proceeding, School Code of Conduct/Ethics Proceeding and School Administrative Proceeding** - These benefits, if included as covered legal matters, provide for legal services related to the covered member's dependent child involvement in one of these proceedings. We have assumed that experience will be similar to the proposed School Harassment Proceeding benefit and are charging the same premiums.
- **Special Needs Education Representation** - This benefit provides for services related to the special needs education of the covered members dependent child, if included as a covered legal matter. As this is a new benefit in the market and different from our other benefits offered, there is no industry or competitor experience for us to rely on. To guide the derivation of the premium for this coverage, we have relied on U.S. Department of Education statistics related to the Individuals with Disabilities Education Act. Full rate development and explanation can be found in Exhibit 15d - Derivation of Special Needs Education Representation Rate.
- **Felony Defense - Non-Employment Related** - This benefit, if included as a covered legal matter, provides for defense of a covered member in connection with criminal felony charges unrelated to the covered member's employment. As there is no industry data or competitor information related to this benefit, we have relied on Census Bureau and Bureau of Justice Statistics as well as a competitor's filed frequency for Employment Related Felony Defense (Nationwide filing referenced above). Using this information, we have derived our proposed premium of \$0.21 for this benefit. A full explanation as well as the rate derivation can be found in Exhibit 15e.
- **Property Owner Gun Rights Criminal Defense** - If included as a covered legal matter, this benefit will provide for legal services related to charges arising from the covered member's use or possession of a legally owned and possessed firearm while on the covered member's residential property. There is no industry or competitor information related to Property Owner Gun Rights Criminal Defense. We do, however, have industry data related to Property Owner Gun Rights *Civil* Defense. We have assumed, until the program generates experience indicating otherwise, that the experience for the two benefits will be similar. Therefore, we have selected the same rate for Criminal Defense as we have for Civil Defense.
- **Miscellaneous Small Business Owner Legal Services** - This benefit, if included as a covered legal matter, provides for legal services for any small business legal matter not listed as a covered service or excluded from coverage. Because of the broad range of legal matters this could encompass, we have assumed experience similar to our current Civil Litigation Matters benefit. The premium for this coverage was developed as Proposed Civil Litigation Matters

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Actuarial Memorandum

Premium / Civil Litigation Matters Base Network Benefit Amount * Small Business Legal Services Base Network Benefit amount.

- **Major Trial Supplement** - This benefit, if included as a covered legal matter, provides for representation in any non-excluded trial matter in addition to any coverage shown in the scheduled list of covered legal matters. We have assumed that experience for this benefit will be similar to that of the proposed Small Claims Court Representation, adjusted for the higher Major Trial Supplement limit.

The addition of these new benefits does not contribute to the overall rate impact to existing policyholders.

Exhibits 15f-15l - Rate Classification Relativities - New/Adjusted Rating Factors

With this filing, we are introducing and/or modifying the following rating factors:

- **Exhibit 15f - Network Benefit Adjustment Factors** - We currently have no rating factors to allow for the adjustment of the Base Network Benefit Limits. We are introducing rating factors to allow for the adjustment of the Base Network Benefit Limits from 25% of Base up to 500% of Base. The rating factors for limit adjustments from 50% of Base to 300% of Base were selected based on competitor rate filings. Rating factors for limit adjustments above 300% were derived using linear interpolation where the slope for these higher limits was assumed to be the same as the slope between the 275% and 300% limit adjustment factors. Finally, the rating factor for the 25% of Base adjustment was assumed to be 25% of the base premium.

The introduction of these rating factors has no rate impact on existing policyholders.

- **Exhibit 15g - Individual / Family Rating Factors** - Our current program premiums are a blended, or Composite, rate across individual and family coverages. If individual and family rates are desired under our current program, this is done via the schedule rating plan. With this filing, we are introducing rating factors to allow for the rating of Individual, Individual + Spouse and Family coverage policies separately and removing this from the schedule rating plan. We are also maintaining a rating factor for Composite coverage rating if a group so desires. These rating factors are based on competitor analysis, rebased for a Composite factor of 1.00.

There is no rate impact to existing policyholders with the introduction of these rating factors.

- **Exhibit 15h - Waiting Period Rating Factors** - These rating factors allow for premium adjustments if the policy includes a coverage waiting period. The factors for 0, 3 and 6 months are based on competitor analysis, while the remaining have been derived using linear interpolation.

There is no rate impact to existing policyholders with the introduction of these rating factors.

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- **Exhibit 15i - Group Size / Participation Rate Factors** - These factors allow for premiums to be adjusted based on the underlying group size and the expected participation rate of group members in the program. We began with analysis of competitor rating factors. We then adjusted the rating factors for the 0-9% participation tier so that the ratios across group sizes were consistent with the 10-49% and 50-99% participation tiers. We judgmentally decreased the rating factors for the Blanket (100%) participation tier based on feedback from our industry partners. As used in this filing, the term Blanket refers to a plan sponsored by the group and coverage made available to all members of the group at no cost to the group members. The Company's current program allows for groups over 1,000 members to receive a 5% discount in premium and for groups <100 members to receive a 5% increase in premium. Therefore, the introduction of these new Group Size / Participation Rate Factors does have a rate impact for existing policyholders. The rate impact to existing policyholders with this change is -3.16%.
- **Exhibit 15j - New/Renewal/Takeover Rating Factors** - These rating factors allow for premium discounts on renewal policy premiums for existing group legal expense programs for which we are the underwriter and discounts when taking over existing group legal expense programs for which we are not currently the underwriter. These rating factors are based on competitor analysis.

There is no rate impact to existing policyholders with the introduction of these factors.

- **Exhibit 15k - Multi-Year Rate Guarantee Rating Factors** - These rating factors allow us to adjust premiums when groups request that rates be guaranteed for periods longer than one year. As these rate guarantees prevent us from adjusting premiums on an annual basis, we charge higher premiums from the outset to offset adverse trends in losses that may occur.

To derive the Rate Guarantee factors, we reviewed the Company's current legal expense program's historical loss trends on a Countrywide basis and used the resulting Past-to-Current loss trend factors as an indication of most probable increase in premium needed.

The derivation of these factors, including the review of the historical loss trends, is included in Exhibit 15k. There is no rate impact to current policyholders from the introduction of these factors.

- **Exhibit 15l - Experience Modification Factor** - This rating factor allows for the premium for a group to be adjusted, on a prospective basis, when up to three years of experience for the group is available. We based this rating factor methodology on competitor analysis.

The Experience Factor is calculated as the sum of the group incurred losses ratioed to the sum of the group current premium. This factor is then credibility weighted against a factor of 1.00, where credibility is determined as the $\text{MIN}(\text{SQRT}(\text{sum of claim count} / 400), 1)$. The credibility weighted Experience Factor is then applied to the total policy premium to arrive at the experience adjusted policy premium.

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There is no rate impact to existing policyholders from the introduction of this rating factor.

The application of the Experience Modification Factor is optional and may only be applied upon policy inception or upon policy renewal.

Exhibit 15m - Rate Classification Relativities - Schedule Rating Plan

We are modifying our current Schedule Plan to include additional criteria. The additional criteria include an adjustment based on the percentage of services covered in network, an adjustment if there is risk sharing with the producer and an underwriter's discretionary adjustment.

The maximum credit/debit that can be applied is +/- 25%.

There is no impact to existing policyholders from the introduction of these new criteria.

Exhibit 16 - Supplemental Information

We have provided the calculation of our Expected Loss Ratio as used to bring industry/competitor loss cost to premiums having the same expense level as our current program. This loss and expense ratio was not used in our rate level indication.

Exhibit 17 - DC & Countrywide Experience for Last 5 Years

We have provided written premium, the number of policyholders at year end, and the rate actions taken for the last five calendar years. There have been no rate changes over the last five years.

Virginia Surety Company, Inc.

LEGAL EXPENSE RATE MANUAL

<p>RULE 1. To determine the monthly premium per insured, sum the monthly rates shown below for the specific coverages that will be provided. If an annual premium is desired, multiply the monthly premium by 12.</p> <p>RULE 2. Not all coverages shown below need to be provided.</p> <p>RULE 3. Where a choice is provided below between individual vs. husband and wife coverage, the insured may not be provided with and charged for both of these coverage options</p>	<p>Rule 1 – Premium Calculation</p> <ol style="list-style-type: none">Select the desired benefits from Table 1 (not all benefits listed must be selected).If adjustments to Base Network Limits is desired, apply the appropriate rating factor from Table 2. If Benefit Multiplier amounts between those shown in the table are desired, develop the appropriate rating factor using linear interpolation.Sum the total benefit premiums after application of Network Benefit Adjustment Factor from Rule 1.b.If the policy includes a Waiting Period, determine the appropriate Waiting Period Factor from Table 3 and apply to the premium from Rule 1.c. Waiting periods may not exceed 6 months.Determine the appropriate Group Size / Participation Rate Factor from Table 4 and apply to the premium from Rule 1.d. Blanket factors may only be applied if Group Policyholder provides coverage to all Group Members at no cost to Group Members.Apply the appropriate New / Renewal / Takeover Factor from Table 5 to the premium from Rule 1.e.If the policy includes a Multi-Year Rate Guarantee, apply the appropriate rating factors from Table 6 to the premium from Rule 1.f.If separate premiums for Individual, Individual + Spouse and/or Family coverage options is desired, select the appropriate rating factor from Table 7 and apply to the premium from Rule 1.h. If a Composite premium is offered, the policy may not offer Individual, Individual + Spouse and/or Family Coverage.If the Experience Modification Factor is applicable, determine the appropriate factor as described in Table 8 and apply to the premiums from Rule 1.h. The application of the Experience Modification Factor is optional and may only be applied at policy inception or upon policy renewal.If an Annual Premium is desired, multiply the premium from Rule 1.i. by 12. <p>Rule 2 – Schedule Rating</p> <ol style="list-style-type: none">Application of Schedule Rating criteria must be documented and made available to Underwriter upon request.Schedule Rating criteria must be applied consistently across all Groups to which a Schedule Rating criterion is applied.
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Virginia Surety Company, Inc.

LEGAL EXPENSE RATE MANUAL

	<ul style="list-style-type: none">c. The applicability of any Schedule Rating criterion shall be determined based on covered Group as a whole. Schedule Rating criterion may not be applied differently to individual members of the covered Group.d. All credits and debits developed in this section are additive. Add all debits and subtract all credits. Apply the resulting factor to the insurance premium previously determined.e. The Underwriter’s Discretion may never exceed 25% of the calculated premium.
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Virginia Surety Company, Inc.

LEGAL EXPENSE RATE MANUAL

<u>Benefit</u>	<u>Monthly INS Rate</u>
<u>Consultation and Advice</u>	
Legal Helpline	\$ 1.39
Legal Office Consultation	\$ 0.94
Document Review	\$ 0.83
Financial and Tax Helpline	\$ 0.34
	-
<u>Consumer Matters</u>	
Document Preparation	
Deeds	\$ 0.04
Promissory Notes	\$ 0.03
Installment Sales Agreements	\$ 0.03
Affidavits	\$ 0.03
Life Insurance Claims	\$ 1.11
Consumer Disputes	
Correspondence	\$ 0.22
Negotiated Settlement after complaint filed	\$ 0.20
Trial Matters	\$ 0.19
	-
<u>Wills and Estates</u>	
Basic Wills	\$ 1.70
Living Wills or Health Care Power of Attorney	\$ 0.09
General Power of Attorney	\$ 0.44
Codicils	\$ 0.09
Living Trust Document	\$ 1.08
	-
<u>Criminal Matters</u>	
Serious Traffic Matters	\$ 0.31
Administrative Proceedings	\$ 0.07
Misdemeanor Matters	\$ 0.28
	-
<u>Residential</u>	
Review & Preparation of Lease (Tenant only)	\$ 0.12
Purchase of Principal Residence	\$ 2.12
Sale of Principal Residence	\$ 0.74
Refinancing of Principal Residence	\$ 0.65
Landlord/Tenant Disputes	\$ 0.41
	-
<u>Financial Matters</u>	
Debt Collection Matters	
Correspondence	\$ 0.12

Virginia Surety Company, Inc.

LEGAL EXPENSE RATE MANUAL

Negotiated Settlement after complaint filed	\$ 0.26	
Trial Matters	\$ 0.18	
Bankruptcy	\$ 2.36	
Foreclosure	\$ 0.19	
Tax Audits	\$ 0.21	
	—	
<u>Family Law</u>		
Uncontested Separation, Divorce, Annulment		
Legal Separation	\$ 0.53	
Consent/Default Divorce	\$ 0.28	
Uncontested Divorce	\$ 1.25	
Contested Divorce	\$ 0.21	
Name Change	\$ 0.08	
Guardianship/Conservatorship	\$ 0.07	
Uncontested Adoptions		
Agency Adoptions	\$ 0.11	
Stepparent Adoptions	\$ 0.17	
Juvenile Court Proceedings	\$ 0.21	
	—	
Civil Litigation Matters	\$ 1.11	
TOTAL Legal Expense Insurance	\$ 20.80	(all benefits)

Table 1 – Benefits

Benefit	Base Network Benefit Amount	Monthly Insurance Premium
<i>Miscellaneous Law Office Services</i>		
Legal Services for any non-excluded legal matter not specifically covered in the Schedule of Benefits	\$350	\$0.14
<i>Consumer Matters</i>		
Bank Fee Dispute	\$350	\$0.05
Cell Phone Contract Dispute		
Contract Review	\$350	\$0.05
Representation	\$350	\$0.05

Virginia Surety Company, Inc.

LEGAL EXPENSE RATE MANUAL

Consumer Disputes		
Correspondence	\$60	\$0.15
Trial Matters	\$700	\$0.14
Consumer Fraud Litigation	\$1,000	\$0.05
Document Preparation		
Affidavits	\$60	\$0.03
Deeds	\$75	\$0.06
Installment Sales Agreements	\$60	\$0.03
Promissory Notes	\$60	\$0.03
Time Share Agreement	\$60	\$0.08
First-time Vehicle Buyer	\$350	\$0.05
General Power of Attorney	\$60	\$0.53
Healthcare Coverage Dispute and Records		
Office Consultation	\$350	\$0.05
Review of Policy	\$350	\$0.05
Review/Preparation of Documents	\$350	\$0.05
Identity Theft Defense	\$1,000	\$0.05
Life Insurance Claims	\$2,000	\$0.05
Mail Order or Internet Purchase Dispute	\$350	\$0.05
Natural Disaster Insurance Claim	\$1,000	\$0.16
Personal Property Protection	\$350	\$0.05
Review & Preparation of Lease (Tenant only)	\$75	\$0.08
Small Claims Court Representation (Network Limit under \$1000)	\$120	\$0.05
Small Claims Court Representation (Network Limits \$1000+)	\$1,000	\$0.05
State Consumer Law Administrative Proceeding	\$1,000	\$0.05
Vehicle Repair and Lemon Law Litigation	\$350	\$0.05
Warranty Dispute		
Representation	\$350	\$0.05

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Warranty Review	\$350	\$0.05
<i>Estate Planning</i>		
Basic Will or Codicil	\$90	\$1.43
Complex Will or Codicil	\$360	\$1.90
Health Care or Medical Power of Attorney	\$60	\$0.14
Living Trust Document	\$360	\$1.62
Living Wills / Health Care or Advance Directive	\$60	\$0.14
Medicare / Medicaid / Social Security Proceeding	\$1,000	\$0.05
Probate of Small Estate (Network Limit under \$1000)	\$120	\$0.05
Probate of Small Estate (Network Limits \$1000+)	\$1,000	\$0.16
Special Needs Trust	\$1,200	\$0.81
Social Security Administration Benefit Appeal	\$1,000	\$0.05
<i>Elder Matters</i>		
Elder Parent (Includes all benefits listed below)		\$0.05
Durable Financial Power of Attorney	\$60	
Health Care or Medical Power of Attorney	\$60	
Living Will/Health Care or Advanced Directive	\$60	
Will Preparation	\$90	
Elder Law Matters	\$500	\$0.09
<i>Residential Matters</i>		
Boundary or Title Dispute	\$700	\$0.05
Construction Defect Dispute	\$500	\$0.05
Construction/Renovation/Home Repair Dispute	\$1,050	\$0.05
First Time Home-Buyer	\$500	\$0.05
HOA/COA/POA/Co-Op Board Dispute or Defense	\$700	\$0.10
Home Equity Loan Assistance	\$420	\$0.05

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Landlord Dispute with Tenant (Covered Member is Landlord)	\$0	
Pre-litigation activities	\$700	\$0.04
Trial Representation	\$700	\$0.01
Landlord/Tenant Disputes (Covered Member is Tenant)	\$2,000	\$0.37
Neighbor Dispute	\$900	\$0.05
Noise Reduction Dispute	\$900	\$0.05
Property Tax Dispute	\$420	\$0.05
Property Tax Assessment	\$420	\$0.05
Purchase of Principal Residence	\$575	\$1.48
Real Estate Dispute	\$2,000	\$0.06
Refinancing of Principal Residence	\$450	\$0.46
Sale of Principal Residence	\$425	\$0.52
Security Deposit Dispute with Tenant	\$700	\$0.05
Tenant Security Deposit Dispute	\$1,000	\$0.05
Vacation or Investment Home Sale/Purchase/Refinancing	\$500	\$0.08
Zoning Application	\$700	\$0.05
<i>Financial Matters</i>		
Bankruptcy	\$1,100	\$1.65
Debt Collection Matters		
Correspondence	\$500	\$0.08
Trial Matters	\$1,000	\$0.13
Foreclosure	\$800	\$0.13
Garnishment Defense	\$1,000	\$0.08
Repossession Defense	\$1,000	\$0.05
Student Loan Refinancing/Collection Defense	\$490	\$0.05
Tax Audits	\$2,000	\$0.15
Tax Defense	\$1,000	\$0.05

Virginia Surety Company, Inc.

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Family Matters

Child Custody/Support Proceeding Involving Never-Married Parents	\$2,000	\$0.05
Contested Divorce	\$2,000	\$0.68
Contested Divorce Post-Divorce Proceedings	\$2,000	\$0.68
Governmental Agency Adoption - Contested	\$900	\$0.17
Governmental Agency Adoption - Uncontested	\$425	\$0.08
Grandparent Visitation or Custody - Contested	\$2,000	\$0.14
Grandparent Visitation or Custody - Uncontested	\$700	\$0.05
Grandparent/Family Member Adoption and Legitimization - Contested	\$900	\$0.11
Grandparent/Family Member Adoption and Legitimization - Uncontested	\$425	\$0.05
Guardianship of Grandchild/Family Member - Uncontested	\$425	\$0.05
Guardianship of Grandchild/Family Member - Contested	\$900	\$0.11
Guardianship/Conservatorship - Contested	\$900	\$0.11
Guardianship/Conservatorship - Uncontested	\$425	\$0.05
Immigration Assistance	\$700	\$0.93
International Adoption	\$700	\$0.05
Juvenile Court Proceedings	\$550	\$0.15
Name Change	\$300	\$0.07
Non-Government Agency Adoption - Contested	\$900	\$0.17
Non-Government Agency Adoption - Uncontested	\$425	\$0.08
Parental Responsibility Matters	\$700	\$0.05
Paternity Proceeding	\$700	\$0.05
Prenuptial Agreement	\$800	\$0.19
Private Adoption	\$900	\$0.16
Protection from Domestic Violence	\$700	\$0.05
School Administrative Proceeding	\$500	\$0.05
School Code of Conduct/Ethics Proceeding	\$500	\$0.05
School Expulsion Proceeding	\$500	\$0.05

Virginia Surety Company, Inc.

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School Harassment Proceeding	\$500	\$0.05
Special Needs Education Representation	\$700	\$0.07
Stalking Victim Assistance	\$700	\$0.07
Stepparent Adoption - Contested	\$900	\$0.25
Stepparent Adoption - Uncontested	\$425	\$0.12
Surrogacy Representation	\$2,000	\$0.05
Uncontested Separation, Divorce, Annulment		
Consent/Default Divorce	\$700	\$0.20
Legal Separation	\$700	\$0.37
Uncontested Divorce	\$700	\$0.88
<i>Civil Matters</i>		
Administrative Hearing Representation	\$1,500	\$0.05
Incompetency Defense	\$2,000	\$0.05
Mediation	\$1,000	\$0.05
Property Owner Gun Rights Civil Defense	\$2,000	\$0.05
<i>Civil Litigation Matters</i>	\$2,000	\$0.78
<i>Criminal Matters</i>		
Adjustments to Probation or Parole	\$1,000	\$0.05
Administrative Proceedings	\$300	\$0.05
Bench or Arrest Warrant	\$2,000	\$0.05
DUI/DWI Defense	\$2,000	\$0.28
Felony Defense		
Employment Related	\$2,000	\$0.51
Non-employment Related	\$2,000	\$0.21
Habeas Corpus Proceeding	\$1,000	\$0.05
Medicaid/Medicare Asset Transfer Defense	\$2,000	\$0.05

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Misdemeanor Matters	\$2,000	\$0.28
Property Owner Gun Rights Criminal Defense	\$2,000	\$0.05
Restraining Order Assistance	\$500	\$0.05
Serious Traffic Matters	\$500	\$0.22
Traffic Ticket	\$250	\$0.26
<i>Small Business Owner Advice and Representation</i>		
Initial Legal Consultation	\$150	\$9.59
Review of Simple Document	\$150	\$9.59
Document Preparation		
Consumer Dispute Correspondence	\$110	\$0.56
General Power of Attorney	\$110	\$0.56
Installment Sales Agreement	\$110	\$0.28
Lease Agreement - Tenant Only	\$450	\$1.15
Promissory Note	\$110	\$1.41
Simple Affidavit	\$110	\$1.41
Simple Deed	\$110	\$1.41
Customer Dispute	\$450	\$2.30
Patent/Trademark/Copyright Advice and Filing	\$500	\$0.05
Incorporation Advice and Filing	\$500	\$0.05
Miscellaneous Small Business Owner Legal Services	\$750	\$0.29
<i>Major Trial Supplement</i>		
Major Trial	\$100,000	\$1.39

Virginia Surety Company, Inc.

LEGAL EXPENSE RATE MANUAL

Table 2 – Network Benefit Adjustment Factors

Benefit Multiplier	Factor
25%	0.25
50%	0.50
75%	0.75
100%	1.00
125%	1.25
150%	1.50
175%	1.75
200%	2.00
225%	2.23
250%	2.45
275%	2.62
300%	2.75
325%	3.01
350%	3.14
375%	3.27
400%	3.40
425%	3.53
450%	3.66
475%	3.79
500%	3.92

Table 3 – Waiting Period Factors

Waiting Period in Months	Factor
0	1.000
1	0.983
2	0.967
3	0.950
4	0.917
5	0.883
6	0.850

Table 4 – Group Size / Participation Rate Factors

Group Size	Participation Rate			
	0-9%	10-49%	50-99%	Blanket
1 – 2,000	1.00	0.95	0.90	0.75
2,001 – 10,000	0.92	0.87	0.83	0.70
10,001+	0.83	0.79	0.75	0.65

Virginia Surety Company, Inc.

LEGAL EXPENSE RATE MANUAL

Table 5 – New / Renewal / Takeover Rate Factor

New / Renewal	Factor
New	1.000
Renewal	0.975
Takeover	0.975

Table 6 – Multi-Year Rate Guarantee Factor

# of Years	Factor
1	1.000
2	1.012
3	1.024
4	1.036
5	1.048

Table 7 – Individual / Family / Composite Rating Factors

Individual / Family / Composite	Factor
Individual	0.85
Individual + Spouse	1.06
Family	1.10
Composite**	1.00

**Composite is a single rate that applies to all covered group members regardless of Individual, Individual + Spouse or Family coverage.

Virginia Surety Company, Inc.

LEGAL EXPENSE RATE MANUAL

Table 8 – Experience Modification Factor

When up to 3 years of group experience is available, the Experience Modification Factor allows for the plan premium for the group members to be adjusted on a prospective basis. This factor may be calculated using group experience under a policy written by Virginia Surety Company, Inc., or using group experience under a policy written by another carrier.

This Experience Modification Factor is calculated as follows:

- (1) Sum of Annual Incurred Losses Up to 3 Years Prior
- (2) Sum of Annual Premiums Up to 3 Years Prior
- (3) Total Loss Ratio = (1) / (2)
- (4) Sum of Incurred Claim Counts Up to 3 Years Prior
- (5) Credibility Factor = $\text{MIN}\{\text{SQRT}[(4) / 400], 1\}$
- (6) Experience Modification Factor = $\{100\% * [1 - (5)]\} + [(5) * (3)]$

The application of the Experience Modification Factor is Optional, and it may only be applied upon policy inception or upon policy renewal.

Virginia Surety Company, Inc.

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~~The premiums will also be modified in accordance with the following schedule rating table, subject to a maximum modification of plus or minus 25%, to reflect such characteristics of the risk which are not otherwise reflected in the premium calculation.~~

Criteria	Credit/Debit
Size of Group	-5% to +5%
Marketing Cost (on-site enrollment expense, multiple brokers, customized materials)	-5% to +5%
Marketing Methods (telemarketing, direct mail, inserts, infomercial, electronic media, storefront)	-10% to +10%
Employer Paid Vs. Voluntary Enrollment	-10% to +10%
Prior Claims Experience (last 3 years)	-10% to +10%
Group Demographics (age, marital status, group/worksites locations)	-5% to +5%
Program Management (reporting, increased automation, claims, customer service)	-5% to +5%

~~This Schedule Rating Plan is subject to the state maximum.~~

Schedule Rating Plan

Criteria	Credit/Debit
Marketing Cost (on site enrollment expense, multiple brokers, customized materials)	-5% to +5%
Marketing Methods (telemarketing, direct mail, inserts, infomercial, electronic media, storefront)	-10% to +10%
Group Demographics not otherwise rated for (age, group/worksites locations)	-5% to +5%
Program Management (reporting, increased automation, claims, customer service)	-5% to +5%
Mix of Services In and Out of Network 100% In = Max Credit 50% In = No Credit 0% In = Max Debit	-10% to +10%
Producer Risk Sharing Agreements Full Producer Fees at risk = Max Credit Partial profit share with Producer = Credit ratio equivalent to profit share ratio (50/50 share = -5% Credit) No producer risk sharing = No Credit Producer can place risk with multiple carriers = Max Debit	-10% to +10%
Underwriter's Discretion	-25% to +25%

The maximum credit/debit that can be applied is +/- 25%

December 10, 2019

District of Columbia Department of Insurance, Securities and Banking

RE: **VIRGINIA SURETY COMPANY, INC.**

NAIC# 0019-40827 FEIN# 36-3186541

Program: Group Legal Expense

Company Filing Number: SF_10593_GRLE_DC_VU_10869

SERFF Filing ID: ASPX-132184730

Group Legal Expense Rate and Rule

GLE-DC (7.19) - Rate and Rule Manual

Related Filing Documents:

Actuarial Memorandum

Rate Indication and Supporting Exhibits

Redline Comparison - Rate and Rule Manual

Dear Examiner:

Enclosed for your review and approval is our Group Legal Expense insurance program rating material. All variable material has been indicated in brackets. This rate filing will replace the previous filing acknowledged on March 6, 2001.

This program provides the Member with telephone legal advice and consultation with plan attorneys on personal matters such as, but not limited to family law, estate planning, housing and real estate matters, automobile related matters, bankruptcy, consumer matters, criminal matters, and governmental matters.

The program also includes legal services such as will preparation, document review and correspondence, plus discounted referrals to a network of attorneys for additional legal needs.

The forms for this program have been submitted under separate cover.

We request an effective date of January 15, 2020 for new business and renewals.

Thank you for your time and attention to this submission. Should you have any questions or concerns, please feel free to contact me at (800)852-2244 X 4011544 or via e-mail at becky.voyles@assurant.com.

Sincerely,

Becky Voyles

Senior Product Compliance Analyst

State Filings Department